The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Tokyo Officialdom Squabbles Over Plans for "Governing" China

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OCCUPATION OF HSUCHOW WILL ADD TO JAPAN'S COMPLICATIONS

CHINA'S withdrawal from Hsuchow, junction point of the Tientsin-Nanking and Lunghai railways, will enable the Chinese to shorten their line for the defense of Honan and ultimately the Wu-Han district.

Japan's occupation of Hsuchow, which is to be celebrated as a major event in Japan in the hope of wiping out the disgrace of the Army's defeat at Taierchwang, will improve Japan's strategic position somewhat. But it also will increase Japan's complications immeasurably.

It has been reported that the Japanese now have no less than a quarter million troops on this front. They probably will need all of them to hold the railways and keep them open. If the Japanese Army cannot keep the railways open within 100 miles of Peiping, how much more difficult to maintain traffic through the mountainous districts of Shantung, Anhwei and northern Kiangsu—which now probably will be converted into another Shansi.

The Japanese will probably boast of capturing a million Chinese soldiers, more or less—as they repeatedly have done in the past,—but we imagine that most of China's 150,000 to 200,000 troops managed to escape the Japanese cordon and will be found opposing Japan's further advance westward into Honan.

Tokyo has announced that the occupation of Hsuchow would be followed by an amalgamation of the Peiping and Nanking puppet regimes, Japan's major objective being a treaty which would give a semblance of legality to her occupation of Chinese territory and seizure of private property and public resources. But that will not change the essential factors in the situation—the continuing hostility of the Chinese people and—aside from a few rogues—their almost unanimous refusal to cooperate with the aggressors.

If the Japanese Government possessed vast sums for investment in development projects in China, Japan might break down some of the Chin-

ese opposition, but Japan has no money and cannot borrow any in the world financial centers. It has been rumored that Japanese bankers have a scheme for financing their enterprises in China with billions of paper notes, but the Japanese yen is already about to break under the strain of supporting the Army's adventures.

Financial experts say the actual value of the yen is about 10-cents in U. S. currency. It is now being held up by official edict while Tokyo financiers are working out—by methods of legerdemain—some scheme for combining the currencies of Japan, China and Manchukuo into a so-called "yen bloc" that would be independent of world influences—and also, presumably the established rules of finance and economics!

U. S. REJECTS HIROTA'S PROPOSAL FOR NON-AGGRESSION PACT

ALTHOUGH no formal proposal was made, a suggestion by Koki Hirota, Tokyo Foreign Minister, that Japan wished to conclude a non-aggression pact with the United States, was met by a prompt rejection of the idea, according to reports from both Tokyo and Washington. According to the Washington report in the *Asahi Shimbun* on May 11, Hirota made the proposal for a non-aggression pact with the United States in the course of a press conference on Monday May 9. For some reason none of the Tokyo papers which carried accounts of the press conference, mentioned the proposal for a non-aggression pact with America, hence the report must have been suppressed in Japan, although released for cabling to the United States. Hirota's statement was to the following effect,

> "Only a minority of Americans are condemning the position of Japan in the China incident and the majority are friendly toward Japan. Japan has no aggressive intentions whatever in regard to the United States. It wishes to conclude a non-Aggression pact with the United States, in fact, in order to assure amicable relations between the two countries.

This statement was responsible for the *United Press* report from Washington cabled here on May 9 which quoted Secretary Hull as saying that he had not received any official communication from Japan on the subject of a non-aggression pact. Mr. Hull added that the United States and Japan were already signatories of the Kellogg-Briand Anti-War Pact. Hirota was advised by his Embassy in Washington that further moves would only result in a revival of charges of international bad faith and treaty violation against Japan!

Why Not Defend Democratic Principles in China and the Far East?

PRESIDENT Roosevelt, on May 13, approved the construction of a high-power Government radio station for the purpose of broadcasting goodwill programs to South America. The purpose of the programs, according to *Reuter*, would be to combat the influence of Fascist and Communist propaganda broadcasts. The *United Press* report said the new radio station would be used to counter-act the Government broadcasts of totalitarian nations to South America.

First addresses over the new service, which carries the title, "America Speaks," were delivered by Harold Ickes, Secretary of Interior, and Cordell Hul, Secretary of State. Secretary Ickes' address was broadcast to Europe as well as South America and constituted a "vigorous" attack on Fascism and Communism. He said that totalitarianism in any form was alien to English-speaking peoples and declared that Democracy could not live in the same country with Fascism and Communism. Fascism, according to Mr. Ickes "is the greatest threat to world peace today."

Secretary of State Cordell Hull, who spoke with President Roosevelt over the new service, said that cooperation is an accepted procedure firmly established in the relations between American nations; it is only in opening channels of international commerce profitable to all, that nations of the world can create conditions which will allow them to face successfully the astonishing economic and social problems with which all find themselves confronted the United States was contributing to the program of economics by following a policy of negotiating reciprocal commercial accords.

President Roosevelt's message, which was read by Secretary Hull, said that cooperation in settling economic problems offered one of the practical means of accomplishing the task that the world is facing. The United States Government engaged itself in international economic cooperation and would not cease its efforts with a view to continuing loyally this policy.

Simultaneously with the inauguration of the "America Speaks" program by the Administration, designed to spread democratic principles among Central and South American nations, several members of Congress launched a move to investigate foreign propaganda in the United States. According to a *Havas* (French) report from Washington, the chief object of the inquiry was to check up on "anti-American Nazi propaganda in the United States." Congressman Martin L. Sweeney, a Democratic representative from Ohio, denounced Boake Carter, Hearst columnist and radio commentator and suggested that an investi-

gation be made of Mr. Carter's visa on which he entered the United States from England 16 years ago. Carter, on Feb. 23, broadcast a strong attack on the State Department for its alleged support of China in the present crisis in the Far East and charged that the State Department "was run by Norman Davis, Bill Bullitt, Sumner Welles and Company, all of whom have latchkeys to Great Britain's Foreign Office." He charged that Britain stood to be the big loser in the Oriental war—not the United States. Carter's broadcast, which was printed in his column the following day, said the United States sold to Japan U. S. $165,000,000 worth of goods and to China only U. S. $31,000,000. At the same time the United States bought from Japan $106,000,000 worth of merchandise and from China, only $60,000,000. The whole of South America combined, bought $138,000,000 worth of goods in the United States, as compared with $165,000,000 which Japan bought. In view of these figures, to quote from Boake Carter, the United States should throw China and South America overboard and line up with Japan!

About the same time Hearst's *New York Journal* published a front page editorial declaring that United States did not want an alliance "with England, Soviet Russia or Red China Russia is our greatest foe, is already aiding China which under Dictator Chiang Kai-shek has turned completely red England has big interests in China and wants us to take care of them and even fight for them we can find lots of reasons to enter into an Asiatic war or any other one, but we don't want to take sides with communist countries or be a part of England's colonial troops."

There were charges from other quarters that anti-war propaganda in the United States, possibly cloaked sinister intrigue by certain foreign nations auxious to prevent the United States from carrying out its re-armament program. Charles Michelson, publicist for the Democratic Party, defended the Administration's defense program and reminded the nation that a month of war "would cost more than the entire price of the largest navy afloat With war clouds everywhere and nobody knowing where or when they might begin to discharge lightening, it would not be a comfortable though to have our country practically helpless." Answering those who believed the way to settle strife "would be through meekness and weakness," Mr. Michelson pointed out that "China followed that procedure and as a result a nation of 400,000,00 is now being kicked around by a country with not one fifth the population and with not one hundredth the resources."

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The proposal for the United States Government to initiate a radio propaganda program directed to South American countries resulted from fascist propaganda conducted by certain European countries, particularly Italy and Germany. Since it was the Italian anti-British radio propaganda campaign among the Arabs which forced the British to enter into negotiations with Mussolini hence it has been suggested that anti-British news reports deliberately circulated in the Far East also might have the effect of forcing Britain to either retaliate, or possibly to compromise with the interests responsible for the broadcasts. It was the growing strength and intensity of Fascist propaganda by means of radio in South American countries, particularly Brazil, that forced the United States to "go on the air" with its "America Speaks" campaign.

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The suggestion has been made that there is even greater need for a defense of democratic thought and principles in the Far East than in Central and South American countries where military dictatorships long pre-dated the modern-1938-brands staged by Nazis, Fascists or Communists. China undoubtedly provides the greatest human laboratory in the world for the propagation of political thought and the field is not being overlooked by opponents of democratic systems of government—particularly the peculiar brand of military fascism which emanates from the Army and Navy general staffs in Tokyo. After the overthrown of the Manchu house in 1911, China adopted democratic forms due largely to the fact that the handfull of political leaders at that time had studied in the United States or in European countries where democratic ideas prevailed. But China's republican forms soon collapsed because of opposition of the worlords. Then in 1926-1927 came the Nationalist Revolution which was strongly influenced by Russian Communism. Now, according to T. A. Bisson, in the latest bulletin of the Foreign Policy Association:

"Actions taken by the Kuomintang plenary session, held March 29 to April 2 in Hankow, exhibit the most notable democratic and progressive trend in Chinese political life during the past decade. Within China's broad anti-Japanese front, which has become stronger and more united as the war progresses, an increased degree of popular initiative and participation has been apparent for some months. The Hankow plenary session placed the official stamp of Kuomintang approval on these developments by establishing legal channels of freer political expression. This liberal evolution contrasts sharply with the results of the recent session of the Japanese Diet, which adjourned on March 26 after passing bills consolidating Japan's totalitarian structure.

"The creation of a People's Political Council, which will include a widely representative membership, constitutes the outstanding achievement of the Kuomintang plenary session. Although its powers are not yet clearly determined, this body promises to become a full fledged legislative organ when the new constitution is promulgated. Even under present regulations, the People's Political Council will be representative not merely of the Kuomintang but of all party groups. This step toward

democratic government is supported by the decree granting full freedom of press, speech and association. Such freedom has already been effective for some months. For the first time in years, newspapers of many political shades, including the Communist *Hsin Hua Jih Pao*, or New China Daily, are now being published. The possibility of achieving these democratic reforms was originally considered during the negotiations which established the Kuomintang Communist entente last spring. Exigencies of the war, which necessitate full mobilization of popular energy and initiative, have hastened the establishment of a more liberal political regime.

"The reforms so far adopted have not threatened the dominant political position of the Kuomintang, although they tend to modify in important respects the exclusive dictatorship formerly exercised by this party. At the Hankow sessions, several efforts were made to strengthen its national standing. A Kuomintang Youth Organization, established for future party members, broadened the base of the older method of party recruitment. Generalissimo Chiang Kai-shek became *Tsung Tsai*, i.e., Leader or President, with the post of permanent chairman of the Central Executive Committee and with powers of "conditional veto" over the latter's actions. This move is not necessarily "fascist." Chiang's increased powers enable him to act more effectively against the dogmatic adherents of an exclusive Kuomintang dictatorship. Nor is the evolving Hankow regime "communist." Its liberal republican basis is made evident in the reiteration of Dr. Sun Yat-sen's principles of nationalism, democracy, and people's livelihood as the basic precepts of the Chinese political system. These principles are receiving fuller and more genuine expression than for a decade past.

"In Japan the actions of the Seventy-third Diet marked out a very different path. The Japanese parliament passed the regular budget of 2,868 million yen, as well as additional war appropriations of 4,850 millions. To the degree that these funds are devoted to expansion of war industry, the reactionary alliance of the militarists and heavy industry will be further strengthened. Passage of the National Mobilization Bill gives this coalition a blank check it can fill in without reference to the will of the elected representatives of the Japanese people. This measure, as well as nationalization of the electric power industry, was forced through the Diet by various bulldozing methods. Police raids on the Seiyukai and Minseito party headquarters, physical attacks on some members of the Diet, widespread arrests of liberals and radicals, and Premier Konoye's threat to organize a single Fascist party all contributed to passage of the disputed bills. Japan's international economic position continues to deteriorate. Drastic import control, eliminating needed materials, reduced the excess of imports during January and February; more significant, Japanese exports also declined during this period. Japan's orders for raw cotton and petroleum in the American market, it is reported, are now being held up in the hope of securing long-term credits for such purchases."

Japanese Army, Premier and Foreign Office Squabble Over Methods of "Controlling" China

TOKYO is facing a serious cabinet crisis over the so-called "Central China Organ" issue. The problem of what form of central oranization shall be set up to unify and carry out Japan's national policies regarding China, has developed into a triangular controversy between the Premier Prince Konoye, the Army and the Foreign Office. According to foreign observers the gravity of the controversy is such that Foreign Minister Koki Hirota may resign before end of the present month.

The controversy centers on the struggle for control of the proposed bureau for China affairs. The Foreign Office strongly held the view that political affairs in China must continue to be in its charge.

The Premier proposed however, to set up a special East Asia Ministry over which he would preside, which would handle the huge political, administrative and economic problems—in short a sort of glorified "colonial" bureau modeled somewhat on the Cabinet Bureau which originally controlled Manchukuo.

The Army seems to aim at strengthening its present control, under which a military oligarchy has been steadily entrenching itself in China and making major decisions not only in military but also in administrative and economic affairs without reference to the wishes of other branches of the Tokyo government.

During the last session of the Diet the Legislative Bureau drafted a scheme for the unification of China policies, but, owing to the fact that it tried to embrace too many opinions from various quarters, it failed. It was a case of "too many cooks."

Premier Konoye was reported (May 16) to have decided to organize machinery of his own for "unifying and controlling" Japan's policies in China. He was expected to present a definite program to the Cabinet shortly.

Meanwhile, the Foreign Office had drafted its own scheme for unification of diplomatic policy through expansion of the scope of its East Asia Bureau. Hirota's plan first of all involved changing the name of the Ministry from Foreign Affairs Ministry to Foreign Policy Ministry, with a semi-independent East Asia Bureau and an info mation bureau.

The Army strongly opposed this scheme, which also was strongly criticized in other quarters, which favor a central organ for China affairs under the direct control of the Cabinet.

Foreign Minister Hirota declared that Japan would not change her policy of not dealing with the "Chiang Kai-shek regime." He said that Gen. Chiang was at present the captive of the Communists and would lose his position, if he should make peace proposals." Hirota also expressed the belief that no third nation would intervene, "because all know well Japan's true intentions in dealing with the China Emergency."

Questioned on what measures were being taken to end the conflict, Hirota replied that he "couldn't say, as it depended on military operations." It was his policy to attain Japan's objective, in co-operation with the Peiping and the Nanking regimes.

Hirota declared that negotiations on the problem of the Shanghai Municipal Council were being carried on with the various Powers concerned, but had not reached a stage satisfactory to Japan.

Discussing Japan's attitude concerning Soviet aid to China, Hirota declared that Japan had lodged a strong protest with Moscow and was watching the attitude of Soviet Russia.

Chinese nationals would not be allowed to enter Japan unless they have passports issued by the new regimes in North and Central China, according to *Domei*.

Wang Keh-min, head of the puppet Peiping regime, predicted (May 14) that merger of the Peiping and Nanking set-ups would take place in the near future.

Jiro Imamatsu, official of the Isaraki Prefectual Government, was selected (May 12) advisor to the Pei-

ping "Provisional Government." Michio Yuzawa, so-called Administrative Advisor to Peiping, was reported to be choosing two assistant advisors in Tokyo.

Tokyo reported (May 14) that the Manchukuo Government was rushing preparations for the exchange of diplomatic representatives with the Peiping "Provisional Government" and the "Autonomous Government of Inner Mongolia" at Kweihua, Suiyuan.

Liang Hung-chih, head of the Nanking regime, called (May 12) on Vice-Admiral Koshiro Oikawa, new Commander-in-Chief of the Japanese China Sea Fleet. Later he broadcast a speech over a radio station in Shanghai, expressing thanks for Japanese assistance in rehabilitating China.

Having failed to seize control of the Chinese Chamber of Commerce despite its occupation of the Chamber's premises on North Honan Road, the "Great Way Government" of Pootung is now trying to extend its control over Chinese labor unions in Shanghai.

Gen. Chen Cheng, Head of Hankow Political Department and a chief assistant to Gen. Chiang Kai-shek.

Much international significance was attached to the Moslem Congress held at Tokyo last week on the occasion of the dedication of a newly-constructed Mohammedan Mosque. The ceremony was attended by some 300 representatives from 14 countries, including Iran, Afghanistan, Iraq, Syria, India, Java, Celebes, "Manchukuo," China and Japan. Among them were Prince Sail el-Islam al Husain, of Yenmen. Some 200 Japanese also attended, including representatives of the Ministries of Foreign Affairs, War and Navy.

Although dedication of the new Mosque was announced as the occasion of the Congress, it was generally realized that the meeting was convened for the purpose of arousing racial and religious feelings of Mohammedan peoples now subjects of various countries. The new Mosque at Tokyo intended to be a rallying point, or "second Mecca," of all Mohammedans of the Far East, Turkistan and adjacent territories.

Construction expenses of the Mosque were largely defrayed from cultural funds of the Japanese Government as a token of goodwill towards the Mohammedan peoples.

The festivities accompanying the Congress were somewhat marred by the unexpected arrest in Tokyo of Abdurahai Kurbangali, priest, who had been very active in promoting the national cause of the Turko-Tartars, the various tribes of which group reside in China, Siberia and Central Asia.

"Sympathy" was again generously voted for China at Geneva last week in the form of a resolution adopted by the Council of the League of Nations at its 101st session. But that was about all China got out of the representatives of the League Powers, assembled at Geneva for the occasion. In a speech before adoption of the resolution, Dr. Wellington Koo, China's chief delegate, expressed dissatisfaction with the action taken by the League Council. He observed that he had presented to the Council for its consideration a number of concrete measures—measures for restraining Japanese aggression and for aiding China in her resistance against aggression.

The text of the resolution, he said, however, took into consideration only a few of his proposals. While it showed some improvement over previous resolutions, it still, in his opinion, left a great deal to be desired to meet the situation.

In accepting the resolution, Dr. Koo expressed the hope that China in her valiant struggle would be sympathetically considered and generously satisfied by all members of the League who might be approached for the purpose, more particularly in assuring her of financial and material aid and facilities in the purchase, transport and transit of arms and military supplies.

Georges Bonnet, the French Delegate, said that the heroism of the Chinese people in maintaining the independence and integrity of their country merited the admiration of the world. France, he declared, would take into serious consideration the recommendations contained in the present resolution. France was prepared further, he proceeded, to contribute to the funds for anti-epidemic work in China.

Kuo Mo-jo, one of China's best known writers and revolutionists. After participating in the 1927 Nationalist movement, Mr. Kuo went to Japan where he remained until last year. He is now secretary-general of the political department of the Generalissimo's Headquarters.

Lord Halifax, the British Foreign Secretary, also expressed warm support of the resolution and the British Government's sympathy for the Chinese people in the ordeal through which they were passing. He expressed horror of the threatened use of poison gas by the Japanese in China and hope that the report on the subject would prove untrue.

M. Suritch, the Soviet delegate, wished the resolution was more concrete, definite and precise, and made a greater contribution to facilitate the efforts of the "heroic Chinese nation."

The text of the resolution was as follows:

"The Council, having heard the statement by the representative of China on the situation in the Far East and the needs for national defense in China, firstly, earnestly urges the members of the League of Nations to do their utmost to give effect to the recommendations contained in the previous resoultions of the Assembly and the Council in this matter.

"It earnestly urges the members to take serious and sympathetic consideration of the requests they may receive from the Chinese Government.

"In conformity with the said resolutions, the Council expresses its sympathy with China in her heroic struggle for the maintenance of her independence and territorial integrity, which are threatened by the Japanese invasion, and in the suffering which has, thereby, been inflicted on her people.

"Secondly," the resolution goes on, "the Council recalls that the use of toxic gasses in war is condemned by International Law, and cannot fall to meet with the reprobation of the civilized world.

"It requests the governments of the states, which may be in a position to do so, to communicate with the League any information they may obtain on the subject."

Gen. Chiang Kai-shek, interviewed by the Hankow correspondent of the *London Times*, contradicted apprehensions that British interests in China might suffer by a Chinese victory. Foreign investments, he said, were not only welcome but essential to China for many years to come.

Discussing Japan's military aims in Asia, Dr. C. C. Wang, Chairman of the China Purchasing Commission in London, in a letter to the *Manchester Guardian* (May 14), flayed the plea of Koki Hirota, Japan's Foreign Minister, that the "real aim of Japan in China is stabilization and lasting peace of the Far East." Does Mr. Hirota think, asks Dr. Wang, that anyone is sufficiently dull to place credence in such a plea?

Of considerable international interest was the announcement (May 12) by the German government of its recognition of "Manchukuo." The announcement said a treaty had been signed in the German Foreign Office between the Secretary of State, Baron Von Weizsaecker, and the Japanese Trade Commissioner for "Manchukuo," Hiyoshi Kato, providing for the immediate establishment of diplomatic and consular relations between the two countries. The German move will undoubtedly have an adverse effect on the relations of China and Germany.

The Chinese Government appointed Gen. Yang Chieh, former Vice-Minister of War, as Chinese Ambassador to Moscow. Gen. Yang, recognized as one of China's leading staff officers, was at one time President of the Central Military College and Chief-of-Staff of the Generalissimo's Field Headquarters. Gen. Yang, who succeeds Dr. Tsiang Ting-fu, has been in Moscow for over six months keeping in contact with the Soviet Government on behalf of the Chinese military authorities. Much significance is attached to his appointment.

In connection with Gen. Yang's appointment to Moscow, it also was significant that Sun Fo, President of the Legislative Yuan, who had been visiting in England for several weeks, was instructed by the Chinese Government to proceed to the Soviet capital again. Mr. Sun left London for Moscow on May 16 and was planning to make a prolonged stay there with a view of further cementing relations of Russia and China. Mr. Sun first arrived at Moscow on January 20 and left for France in March.

Reports in Chinese and Japanese papers stated that Eugene Chen, "fire-eating" Foreign Minister of the Nationalist Government in 1927-28, would soon emerge from retirement and take an important position in the Government. Mr. Chen, who recently arrived at Hongkong from Europe, is reported to have gone to Hankow to see General Chiang Kai-shek. According to report, Mr. Chen may be re-appointed Foreign Minister or High Advisor to the Ministry of Foreign Affairs. Reports in Japanese newspapers (*Osaka Mainichi*, April 27) alleged that Mr. Chen's return to an important post in the Kuomintang Government was one of Stalin's conditions for continued Soviet aid to China. During his recent discussions with Sun Fo, President of the Legislative Yuan, in Moscow, M. Stalin was alleged to have said that Dr. Wang Chung-hui, present Foreign Minister, was "too weak to meet the current crisis" and should be superseded by a revolutionary diplomat such as Eugene Chen, Dr. C. T. Wang or Dr. W. W. Yen.

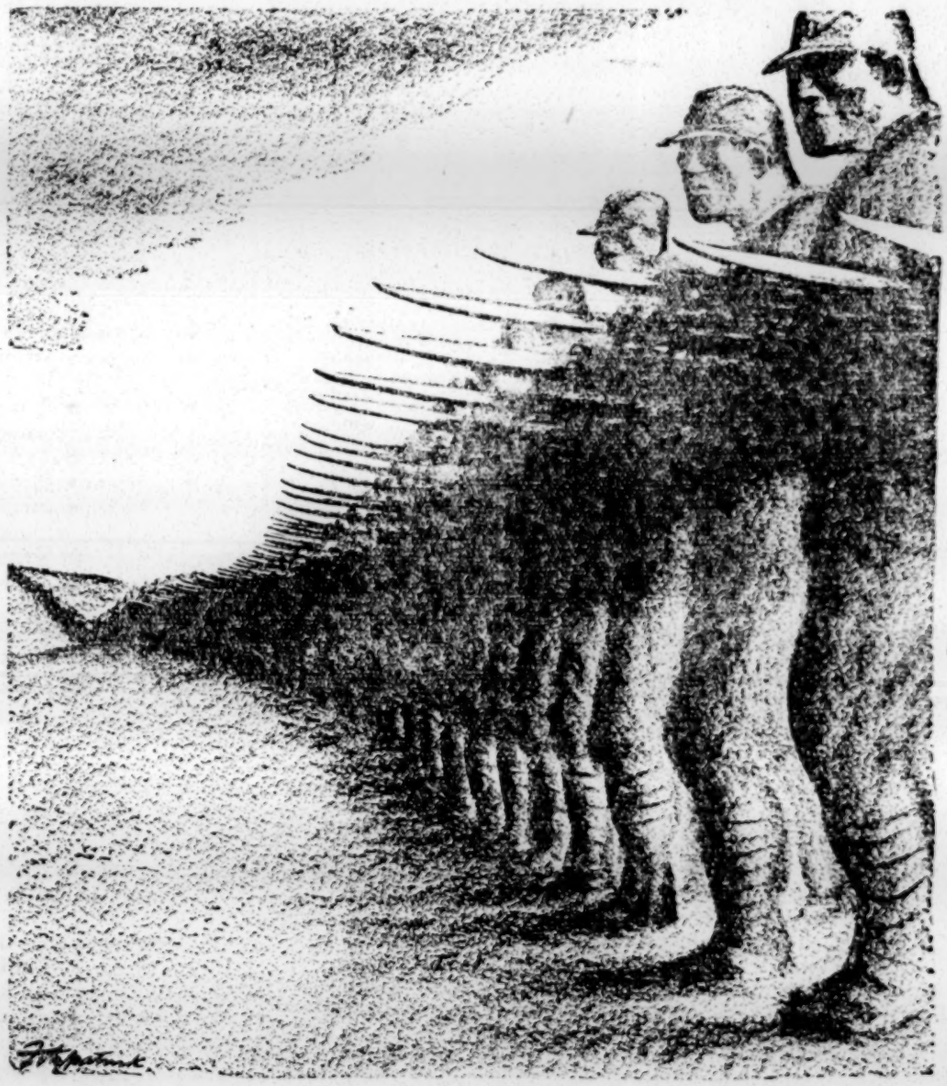
"May 9," China's National Humilitation Day (marking the acceptance of the Japanese 21 demands by Yuan Shih-kai in 1915), was observed in Chungking where a mass meeting was attended by more than 20,000 people. The meeting dispatched a message of encouragement to Gen. Chiang Kai-shek and the soldiers at the front; denounced Wang Keh-min, head of the bogus Peiping regime.

The Executive Yuan appointed (May 11) Dr. T. F. Tsaing, former Ambassador to Moscow, as Director of the Political Affairs Department of the Yuan succeeding Dr. Ho Lien who had been transferred as Vice-Minister of Economics. Gen. Han Te-chin, Civil Affairs Commissioner for Kiangsu, was appointed acting Chairman of the province during absence of Chairman Gen. Ku Chu-tung who is directing operations against the Japanese.

Gen. Chen Chi-tang, former Commander-in-Chief of Kwangtung Army, arrived at Chungking (May 14) from Hankow to assume his office as member of the National Government Committee.

Organization of the newly created Social Affairs Department of the Central Kuomintang Headquarters was completed. The Department, headed by Chen Li-fu,

WILL THE NEW CHINESE WALL HOLD?



Fitzpatrick in St. Louis Post-Dispatch

influential Kuomintang leader and Education Minister, consists of the following sections: farmers, laborers, businessmen, youths and women. The chairman appointed by the Central Kuomintang to serve on committees of the Central Political Council include the following:

Wang Shih-chieh, chairman of the Law Codification Committee.

Hsu Kang, chairman of the Finance Committee.

Chen Kung-po, chairman of the Economic Affairs Committee.

Shao Li-tze, chairman of the Education Committee.

Wang Chung-hui, chairman of the Foreign Affairs Committee.

Russia Builds War Plants in Central Asia Beyond Reach of Hostile Bombers

BY JOSEPH BARNES

(Moscow Correspondent of the New York Herald Tribune—Written at Sverdlovsk, Siberia, April 15)

AT the beginning of its third five-year plan, Soviet Russia is still a boom country. In the Ural mountains, where the capital investments of the first two plans are concentrated, the landscape is still one of excavation, mud, scaffolding and hurrying people. But a singificant change has taken place in the last four years, and this change is war.

The Ural industrial base, slung in a triangle between this city, Chelyabinsk and Magnitogorsk with a 1400-mile spur eastward to the Kuzbass coal fields, was conceived in war. It was Lenin's dream 20 years ago when interventionist armies had stripped the struggling revolution of its chief iron and steel and coal resources. It is Stalin's achievement, the most important asset for which the Russian people have paid in the last 10 years in hunger, misery and terror.

Out of range of any bombing plane yet built, it is an invulnerable industrial base. In less than 10 years it has siginificantly changed the economic and miltary, maps of Europe and Asia by making it essential, from now on, for an enemy to strike at the very heart of Siberia before Russia can be paralyzed. It was built quickly and expensively because the Russians feared war; the increase in the visible symptoms of this fear over the last four years shows the Soviet conviction that the next world war has already started.

The Urals Mobilized

For Marxists, the Urals are closer to Spain and China than they appear to be on the map. There are few soldiers to be seen in the Urals. A few armed guards stand outside every factory; Red army officers can be found on most trains, going to some new post. But without troops or bugles the Urals have been mobilized. in Marshal Voroshilov's phrase, "to constant readiness."

Part of this military mobilization is a pall of official secrecy thicker than the snow which blankets all Siberia in winter. Where this correspondent was treated four years ago as a welcome guest, an audience for the full-blown pride of industrial pioneers, there is today only reserved courtesy mixed with frank suspicion. The distinction between reporting and espionage tends to break down in every war.

Through the curtain of this secrecy, made more opaque by the hysteria of any caerfully stimulated spy scare, it is possible to see some of the results of this mobilization. Figures are still published, if only to castigate lagging directors. Russians still drink, and talk, with irrepressible vigor. Newspapers, speeches and decrees, written for the Russian masses, are phrased in language so blunt as to leave no doubt as to their meaning.

Sverdlovsk, where the late Czar Nicholas was executed with his family by the Bolsheviks in 1919, is the center of mobilization. It is a key junction on the all-important Trans-Siberian Railroad. Since 1581, when Yermak, military chieftain of the Stroganov family, marched across the Ural Mountains here with 800 Cossacks to conquer the Kuchum Tartars, it has been one key to control of Siberia. The Bolsheviks have made it a major industrial city.

"Tank Types" Produced

Arriving at Sverdlovsk you walk past, but not through a new railway station apparently in the same scaffolding which covered it four years ago. The official explanation is lack of workers; a few hours in the city and its suburbs show that there are literally hundreds of thousands of workers, but that they are engaged on more essential jobs.

Less than 90 miles south of Sverdlovsk, at Chelyabinsk, is the world's largest tractor factory, capable of producing 50 000 heavy caterpillar-type tractors a year. The factory is currently engaged in shifting to the production of Diesel-motored tractors, but it has lost the spotlight even in its own home town. It has been dwarfed by its own experimental department, recently named Strankosstrov. The Chelyabinsk tractors were always called, significantly, "tank type," in Russian, and there is little doubt, even if no concrete information about what Stankostrov produces.

For Military Reasons

Two hundred miles farther south is Magnitogorsk, western end of the Ural-Kuzbass iron and steel combine which at present produces more than a third of all Soviet ferrous metals. Its plan to become the world's largest iron and steel plant has apparently been cut in two in recent months. Economic reasons, the present Bolshevik campaign for lower costs and higher quality, have played a large part in this decision but it also has its military reasons.

For defense against attack from the west Magnitogorsk and the whole Ural heavy industry development of which it is the nucleus have already answered Lenin's original demand. Even if another coalition of capitalist powers should lay siege to the oil of Baku and the coal and iron of the Don basin and threaten Leningrad's steel industry, as in 1918 and 1119, the Bolsheviks could fall back to the Urals with the sinews of modern war still behind them.

Trend Toward Japan

For a war in the East this new base is not so valuable. Japanese Army leaders who have said that the Ural industrial base is a threat to Japan ignore the fact that the threat is nearly 4000 miles away, its force carried eastward only by the slim tracks of the Trans-Siberian Railroad. Bolsheviks and the Red Army have not forgotten this.

It is believed by many Russians that the uncompleted half of the Magnitogorsk blueprints has been quietly shifted eastward. At Komsomolsk, on the Pacific at Khabarovsk, headquarters of Gen. Bluecher's Far Eastern army, and Petrovsk, near Lake Baikal, important steel plants are known to be under construction. They are not under the Commissariat of Heavy Industry, as is the rest of the nation's steel, but under the Commissariat of Defense Industries, Beyond admitting this, Russian officials refuse to discuss them.

Signed for Shipyards

Manitogorsk grew in ten years to be a major city by virtue of recruiting campaigns among workers of the Ukraine peasants of Siberia, nomad peoples of Central Asia. In recent months it has been on the reverse end of recruiting campaigns. Its best structural steel workers, welders and riggers, have been signed with heavy bonuses for the Soviet Union's ambitious new naval shipyards at Archangel and Murmansk, or for these steel plants of the third Five-Year Plan, built where the Soviets are afraid they will be needed, near the Japanese frontier.

Sverdlovsk itself is full of military tension, if empty of soldiers. Its chief plant, Uralmashzavod, built eight years ago, was once the pride of the Soviet Union, a triple-starred site on all Intourist programs for foreigners who ventured this far into Siberia. It is still producing heavy machinery, and most citizens of Sverdlovsk believe that submarines are being built here, to be assembled in Vladivostok. One cannot tell whether this is fact or rumor, because the plant is now as difficult to approach as a military airplane factory.

During two weeks in Siberia this correspondent has heard little talk of war, in restaurants, on trains, in the long lines of people waiting to buy railroad tickets. War is like arrest, or exile, or death itself—it is not talked about. But it is universally believed to be both imminent and inevitable. Most Russians accept it, make the necessary adjustments and go on about their business.

They have, after all, more pleasant things to talk about than the coming war or the continuing purge. For nearly all of them the last 10 years of Siberian construction have apparently produced both pride and hope. Hunger is gone, apparently for a long time, and physical suffering has been sharply cut. Although they are poor in many ways, by their own admission, the curse has been taken off their poverty.

Meanwhile, they say, they want peace and a chance to build their future; common citizens talking in smoking cars on trains in the Urals are as clear about this as their Foreign Commissar, Maxim Litvinov. They point out that their military preparations are conspicuously defensive. The Russian people have been told and retold that war against the Soviet Union by Germany or Japan is inevitable, and they hope that their readiness to defend themselves will help to postpone the actual attack.

JAPAN TO EXPAND PUBLICITY AND CONSULAR ACTIVITIES HERE

THE appointment of Nagao Kita, official of the Tokyo Foreign Office, as Director of Information and Propaganda at the local Japanese Consulate-General, indicated the intention of the Japanese authorities to expand their publicity activities here. According to the report in the *Shanghai Nippo* referring to Mr. Kita's arrival, he was accompanied by 21 members of the Japan Newspaper Federation, who came here for the purpose of making a report on the publicity situation as affecting Japanese interests.

The erection by the Japanese military here of a high-powered radio station equipped to communicate directly with San Francisco is a part of the program.

Mr. Kita was introduced to local foreign consular officials and newspapermen at a reception at the Metropole Hotel on May 14.

According to *Domei* the activities of the Japanese Embassy have been expanded by the addition of a number of new officials as follows:

Itsuo Goto, General Affairs.
Minoru Ishikawa, International Settlement and Diplomatic Corps.
Morito Morishima, Reformed and Municipal Government.
Nagao Kita, Information and Propaganda.
Eki Sone, Import Industries.
Shunichiro Kawahara, Foreign and Japanese Damage Cases.
Sakutaro Kato, Judicial Department.
Nobuya Saka, Police Department.

Twenty new constables have arrived from Japan to serve on the Police Department of the International Settlement.

Tokyo Leaders in Split Over China Development

THE problem of what form of central organization shall be set up to unify and make more efficient Japan's national policies regarding China has recently become an issue in Japan as a result of the fact that the Premier, Prince Konoye, the Army and the Foreign Office have very different views on the best methods to achieve the aims desired. The foreign offices, somewhat naturally, strongly upholds the view that political affairs in China must continue to be in its charge. The premier proposes to set up a special East Asia Ministry over which he will preside and which will handle the huge political, administrative and economic problems which need immediate attention and, possibly, the broad aspects of the military operations.

The army seems to aim at strengthening its present control, under which a military oligarchy has been steadily entrenching itself in China and making major decisions not only in military but also in administrative and economic affairs. It is freely rumored that the gravity of the situation is such that the resignation of Koki Hirota, the minister for Foreign Affairs, may be announced before the end of May. During the last session of the Diet the Legislative Bureau drafted a scheme for the unification of China policies, but, owing to the fact that it tried to cover too many opinions from various quarterr, its practicality was lost and a mere skelcton organization far removed from the original ideas of the Government resulted. So many criticisms have since been directed against it from Government and political quarters that the plan has not taken concrete shape.

Ministry Plans Premature

As the North China Development and Central China Promotion companies, which are inseparably related to Japan's China policies, are now getting ready for active operations, the government is obliged to hasten consideration of other and more satisfactory schemes. In the opinion of the Board of Cabinet advisers, the Legislative Bureau scheme merely aims at supervision of the North China and Central China companies and lacks the political program which a central organization for dealing with China affairs requires. On the other hand, precipitate establishment of an East Asia Ministry in disregard of prevailing circumstances would be premature the Board considers.

What the Government now requires, it is held, is a central organization which is neither too idealistic not too full of red tape. In other words, not only must a central bureau for management of China affairs supervise economic development, but it must also embrace political and cultural development if the Government's aim of unifying national policies regarding China is to be achieved. Meanwhile, the Foreign Office Planning Commission has drafted a scheme of its own for the unification of diplomatic policy and for expanding the scope of its East Asia Bureau. The plan, first of all, is to change the name of the Ministry from Foreign Affairs Ministry to Foreign Policy Ministry, with a semi-independent East Asia Bureau and an information Bureau, each headed by a director-general.

The Foreign Office proposes there shall be three divisions to the East Asia Bureau, an administrative division dealing with "Manchukuo" and China affairs, an ordinary economic division dealing with commercial and economic affairs related to "Manchukuo" and China and a cultural division dealing with cultural affairs related to China and "Manchukuo." The Army expresses strong opposition to this scheme. It is also criticized in other important quarters, which favor a central organ for China affairs under the direct control of the Cabinet.

Chinese Women Assail Japanese Aggression

An outright attack upon Japan's aggression in China against her people was made May 15 by Miss Lon Tsie, Chinese delegate to the International Congress of Women, which is holding its meeting in Marseilles. Miss Loh Tsie concluded her passionate address by making an appeal to the women of all nations to aid China's millions. After her, various delegates, notably Mrs. Corbett Ashby of Great Britain, Madame Konsova, Petankova of Czechoslovakia and Madame Catanneo of France spoke on the role of women in public life.

Alarm Unfounded on Shanghai Exchange Market

WHILE the Chinese dollar on foreign exchange cascaded steadily downward for a period of more than ten days, few Shanghailanders took note of the situation. Shanghai's not too alert press overlooked what to this city is important news. When, on May 17, it took Ch.$4.50 to buy one U.S. dollar, the *Shanghai Evening Post & Mercury*, in the first newspaper account to appear on the situation, noted that "Foreign exchange showed but a slight improvement this morning, and is likely to go down further unless the national government in Hankow rallies speedily to the assistance of the market . . . ."

Meanwhile, in Shanghai there were those—the speculators, the hoarders, those unduly alarmed—who were viewing the situation with grave concern. Oddly enough, these same elements were the ones who were directly responsible for the debased condition of the Chinese dollar. The speculators, holding gold, spread alarming reports concerning the financial condition of the government, forcing fearful ones to cash in Chinese dollars at most any price. The hoarders, however, continued to hoard and as a result the demand for foreign exchange was greater than the supply. With little gold on the market, the price for it naturally boomed. On top of that, allotments by Hankow in the past several weeks have been smaller than in the weeks immediately following the promulgation of the new exchange regulations.

These were the reasons for the steady decline in the Chinese dollar—all without any permanent significance.; without any cause for alarm by the Shanghai resident. The financial condition of the Hankow government remains sound, and rumors that the Ministry of Finance considered debasing the Shanghai dollar in retaliation for Japan's indirect assumption of control of the Shanghai Customs, found no confirmation. Rumors that the Chinese dollar might go the way of the German Mark following the World War also were scoffed at by financial experts.

Japan Less Sound than China

Actually those who understand the financial situation of both China and Japan will tell you that China is in a much sounder financial condition today than is Japan. Japan, despite its repeated assertions to the contrary, has little if any reserves. They're operately on what amounts to a purely paper basis. Although Tokyo is attempting to stabilize the Yen at 29½, the Yen actually is worth less than 10 on foreign exchange—and what foreign bank, either in China or in other parts of the world, will gamble on buying the Yen? Those exporting to Japan will not accept it. Japan can not pay in gold—for it has little or no gold. Their best medium of exchange is soya bean and silk.

If one must view China's financial situation as alarming, then the exclusion of tobacco, gasoline, oil and all luxuries from further allotments, which has brought about a 10-cent increase in gasoline, will offer some consolation. Tobacco and other goods may follow suit. Transportation and hire-car services expect to hoist their rates shortly, too. Reports say that the weekly foreign currency allotments will in future be between £200,000 and £250,000, thus increasing the percentage of foreign currency available to importers of what the Central Bank consider vital necessities. Importers of other goods will therefore have to rely on the market rates of exchange for their purchases.

Small Notes for Farmers

In connection with the nervousness in the market, some fear was expressed over the national government's plan to issue subsidiary notes for the benefit of Chinese farmers. *Finance & Commerce*, May 18th, remarked:

"Fears expressed the previous week that the National Government might be disposed to withdraw its support of the exchange market seem to have faded away, but there is still some anxiety about the ultimate effect of the plan for encouraging the issue of dollar and subsidiary notes by banks depositing cash and securities with the Ministry of Finance. Some think that in course of time very large quantities of these small notes will come into circulation in the interior, and that $5 and $10 notes will be at a premium, since these are essential for purchasing foreign currency. There is also some curiosity is to the manner in whkich C.G.U. handed over in payment of Customs duty will be converted by the Japanese depository bank into foreign currency to meet obligations to bondholders. These and many other questions give rise to discussions which inevitably lead to the circulation of reports allegedly but not necessarily emanating from well-informed quarters. This is a field of activity in which the speculator finds ample scope for exercising his ingenuity and testing other people's credulity."

Exchange Allotment

The amount of foreign currency placed this week at the disposal of Shanghai and outports by the Central Bank—against applications for just over a million sterling—is believed to be about the same as last week—although some put the figure at about £10,000 less. Yet another estimate is £223,000 for this week's allotment, against £235,000 given out the previous week. It is also said that Japanese banks this week applied for £190,000 and were given £10,000. It is understood that some banks this week received a larger percentage of the amount applied for than was given last week, while others were less generously treated this week than they were before. This does not indicate that any preferential treatment is given to particular banking houses, but that all applications are being very closely scrutinised as to the purposes for which foreign currency applied for is to be used. Thus the percentage actually allotted to any one bank is simply an indication of the proportion of "essential" and "non-essential" goods which its clients hope to be able to import."

Situation in North China

Important in connection with the present condition of the market, are events in the North China financial situation. Following the inauguration of the "Federal Reserve Bank" at Peiping, March 10, North China bankers, partly in sympathy with the trend

CHINA ALSO AN AGGRESSOR?

Parrish in the Chicago Tribune

in the Shanghai market and partly because of the adverse North China trade balance, lowered their exchange quotations for the yuan, rates at Tientsin being at 24-3r4 cent U.S.Cy., at the end of March. Lacking any tangible or accessible backing aside from an apparent capital "loan" of yen 12.5 million by 3 Japanese banks, the purpose of the "Federal bank is to retire the Chinese Government's legal tender notes and provincial bank notes in North China (estimated at between yuan 300 and 350 million), in exchange for its notes. To what extent this has proceeded is not known. The inauguration of the new bank precipitated the adoption of "exchange control" measures by the Chinese financial authorities to prevent the displaced notes from being used for acquirement of foreign currency and thus raiding the Chinese Government's reserves held abroad. The measures enforced by the Chinese Government thus involve the virtual placing of its entire paper currency issue on an inconvertible basis except as it allots foreign exchange cover from its reserves in accordance with its own estimates of requirements of the market.

It is the apparent purpose of the new "Federal" bank also to place its currency within the framework of the "yen bloc" in the belief that this will facilitate exports from Japan to North China as well as Japan's purchases of raw cotton, salt, wool and other products from North China. Indeed, it would appear that this objective is already being realized at least in part. Because of the fact that the notes of the new "Federal" bank are being accepted by Japanese banks on a parity with the yen, importers of Japanese goods, using the new notes or yen, enjoy at present a 12% to 15% exchange advantage over importers of goods from other sources obliged to convert yuan at the depreciated rates. Actually both the old and the new currencies are inconvertible to foreign currencies except as full cover is provided by export bills or by such limited allocations as may be obtained from the Chinese Government through Shanghai. Hence no adequate solution of exchange difficulties is in sight. It is estimated that there are in circulation in North China between yen 45 and 60 million of notes of the Bank of Chosen, which, it is presumed, are to be withdrawn as soon as possible.

Foreign banks in Tientsin continue to accept the new notes for deposit only in segregated accounts and (except for conversions

to yen which is at par with both currencies) the banks decline to accept new notes in payment for foreign exchange purchases. The "Federal" notes when first issued were at a discount of 3% to 4% in the local market in exchange for Chinese Government legal tender notes, the discount rising to a high of 8%, but now being only about 1%. This latter rate is attributed by bankers rather to temporarily shaken confidence in the yuan rather than to faith, in the new currency.

Cash Resrve of Legal Tender Notes

With the issuing of more legal tender notes in the past year, the Chinese Government banks have increased proportionally the cash reserve in accordance with the regulations of the Ministry of Finance. In 1935 total cash reserve against legal tender notes in circulation was $116,463,369. In 1936 the total cash reserve was increased to the amount of $212,238,769 and in 1937 to $277,811,14 The total amounts of cash reserves during the first three months of this year are:

1938—	January	$279,340,709
	February	285,502,077
	March	288,130,698

Chinese Plants Here Are Seized by Japanese

A number of Chinese government and private owned industrial plants in Central China, including several in Shanghai, have been taken over by Japanese interests, the *Shanghai Nippo*, Japanese newspaper, declares to have learned from industrial circles. The newspaper failed to mention if the "taking over" of the private-owned plants involved formal confiscation of their properties. The plants taken by the Japanese interests are:

1. The Kiangnan Dockyard, considered as property of the "enemy" and confiscated by Japanese authorities, is now being operated by the Mitshubishi Shoji Kaisha. The dockyard was a Chinese government-owned property.
2. The Lunghwa Cement Works, one of the biggest Chinese cement factories and a private-owned porperty, has been taken over by the Onota Cement Works.
3. The Lungtan Cement Works, also a private owned factory located near Chinkiang, has been taken over by the Banshio Company. Work is said to have been resumed there.
4. Five Chinese four mills, private properties, have been taken over by the Japanese Flour Mill Company and the Nisshin Flour Mill.
5. The Pukow Chemical Works, government-owned, in Pukow, has been taken over by the Toyokoatsu Company.
6. A big soap factory in Nantao, privately owned, has been taken over by a Japanese company.
7. All Chinese tobacco factories in the occupied zone, privately owned, will be taken over by the Japanese Tung Ya (East Asia) Tobacco Company, and work will be resumed soon in these plants.
8. The Chinese joint government and private owned alcohol plant in Shanghai and the private owned artificial silk factories here also will be taken over by Japanese firms.

Not Allowed to View Plants

Efforts by owners of Chinese cotton mills in the war zone in Shanghai to secure passes from the Japanese military authorities to inspect their plants have so far resulted in failure, according to a Chinese report. Those who have secured individual passes to enter Hongkew, Yangtszepoo and other districts here under Japanese occupation have been equally disappointed. Notices were found to have been posted at the doors of these mills, referring their owners to certain Japanese cotton mill owners for negotiations if entry into these plants is desired.

Similar treatment is accorded by the Japanese to foreign-registered mills or mills on which foreign interests have legitimate claims, according to the report. An exception has been made, however, in the case of Chung Hwa (Li Kee) cotton mill which has been rented to Mr. Yu Chu-sung, a member of the standing committee of the Shanghai Citizens' Association (not the Shanghai Civic Association). Work is reported to have been resumed by this Chinese plant. The same report recalls Japanese plans for "co-operation" with Chinese owners for the development of the cotton industry, but owing to the Japanese demand to have 51 per cent. of the profit with a capital entirely put up by the Chinese, these have been rejected by the Chinese. Meanwhile, the Pootung regime has ordered all factories in the western extra-Settlement area to reopen before May 31. Failure to do so, according to the regime's official notice, will lead to seizure. Over 30 factories are in this area, representing a total of $10,000,000, it is reported. Owners of these plants are planning to remove them to the interior.

Asks Return of Americans to Nanking

The United States Ambassador, Joseph Grew, May 17 protested to the Japanese Foreign Office against the situation under which American nationals who evacuated from Nanking last December during the Japanese advance on that city have not been permitted to return to their homes and businesses there. Grew urges the Japanese authorities to take steps to allow such Americans to return to Nanking.

Chapei Puppets Levy New "Tax" on Boats

Food prices in Shanghai are likely to be skyrocketted to further astronomical heights as a result of the exorbitant "taxes" now being collected by the so-called "Shanghai Shipping Control Office" on all farm produce and rice arriving in the city on boats through the Soochow Creek, *The China Press* reported last week. The levies being made by the shipping office, it is understood, are separate and in addition to the charges collected by representatives of the "Ta Tao" administration. Investigations showed that a certain influential Chapei racketeer, Tung, who is well-known in his domain by his nickname, "Long Legs Ah Wen," is responsible for the collection.

"Long Legs Ah Wen," inquiries revealed, has made a deal with certain groups of Japanese for turning over $10,000 in cash per quarter, regardless of what he receives from his "tax" collections. As a result of this understanding, "Long Legs Ah Wen" is receiving the necessary backing and co-operation, it was revealed. The new "tax" collection on incoming boats started on April 19 when all junks coming to Shanghai from the interior through the Soochow Creek were compelled to unload at Wuchen Road Bridge in Chapei instead of at the jetties inside the Settlement boundary. Since the "taxing regulations" went into effect, all boat owners are required to pay an "unloading and delivery" charge of $40 per truckload. The collection, it was revealed, has been rigidly enforced.

Patrol Used

The "tax" office of the shipping control body, it was found, is located in a shed near the Wuchen Road Bridge, where a staff of Chinese and Japanese plain-clothes men are carrying out their duties are collectors. Outdoor parties, consisting also of Chinese and Japanese, patrol the creek in small boats to make sure that all junks unload at the Wuchen Road bridge. At the same time, the shipping office is also levying taxes on all boats navigating on the Soochow Creek. The scale of charges, it is understood, is: $5 per quarter for boats loading under 20 tons; $10 per quarter for boats loading under 40 tons; $15 per quarter for boats loading under 60 tons.

Flags Given

On payment of the "tax" a *tai-jih* flag, emblem of the "Ta Tao Government" is issued to the owner of the craft. The head office of the shipping control organization has for the past week been located in a house near Hengfeng Road Bridge in Chapei. "Long Legs Ah Wen" does not usually visit the shipping office in person, inquiries showed, but his two chief lieutenants, Chang and Chen, are directly responsible for operating the organization. "Long Legs Ah Wen" has been for many years a familiar name in Chapei. Head of the Chapei crowd, "Long Legs" is about 55 years old. Following the 1932 war in Shanghai, he and several of his friends were members of the "East Asia Huang Tao Association," which was responsible for organizing the peace maintenance group in the Chapei area.

China's Silver Reported Safe

China's entire hoard of silver currency and silver metal reserves, with the exception of U.S.$50,000,000 which fell into the hands of the Japanese, has been removed from the country, the Institute of Pacific Relations reports in San Francisco. The U.S.$50,000,000 which was lost was in the Tientsin-Peiping area. It was in Mexican dollars and its actual value in American currency was less than U.S.$20,000,000. The entire amount which the Chinese government was able to get out of the way of danger was $300,000,000 in Mexican dollar value or about $90,000,000 in American currency value, according to the institute's information. The silver first was concentrated at Shanghai, then removed to Hongkong and finally shipped to London for safe keeping.

With the final disappearance of China's entire silver metal reserve which was built up in more than a century, China will be definitely eliminated from the block of silver standard countries, says the institute. The Mexican dollar has since been the basis of Chinese currency although what western writers have called China's silver currency was really only a highly developed form of barter where certified pieces of raw silver, not even of uniform weight or shape, were traded for other commodities. Official recognition was granted the silver dollar in China only comparatively recently. When the American administration began purchases, agreements were concluded with Mexico and China. This gradually depleted China's reserves of silver currency and metal until with beginning of Sino-Japanese hostilities, China found it advisable to get the entire supply of metal out of the country. For the time being, the institute reports, China has created a new kind of currency for domestic use and has declared a moratorium on all bank deposits except for small samount.

Japanese Said Helping Rehabilitation

The Japanese authorities here were said by a spokesman of the Japanese Embassy on May 5 to be giving full assistance to foreign interests reopening their industrial plants north of the Creek The statement was made in response to a report in a local British newspaper May 4 alleging Japanese interference with the reopening of foreign enterprises in the Yangtszepoo dstrict.

Million Dollars Needed for Shanghai Relief Work

UNLESS considerable funds are in the hands of the Shanghai International Red Cross within a very short time 170,000 war refugees in local camps face stravtion and the health of the entire population will be greatly endangered, according to the Executive Committee of this organization. The present stock of food-stuffs will not suffice beyond another month and rice for about $200,000 must be ordered at the earliest possible moment in addition to beans and wheat. Funds of the Shanghai International Red Cross are almost completely exhausted and an appeal is being made to friends here and aboard, for further assistance. The people of Shanghai have given liberally not only to the Red Cross but also to other organizations. However the emergency is far from being ended, the need is still very great and will likely continue for several months more. One million more dollars is needed.

Refugees Doing Work-Relief

A work-relief project for refugees, which started several months ago as an experiment, is today being pushed with increasing energy by officials of the International Red Cross under the direction of Mrs. Robert Fitch, Chairman of the organization's committee on camp activities. According to information made available by P. C. Lee, Secretary of the Committee, some 218 men and women are working daily at the industrial camp of the Red Cross at 730 Boone Road. At the campus of St. John's University, a similar camp has been recently started by Mrs. Fitch, who is personally directing the work-relief porject. Organized as an experimental project, the Boone Road industrial camp has accommodations for some 600 refugees. At this work center, relief workers aim to teach refugees a trade by which they can earn a small wage during their stay in the camp.

Lee pointed out that it is essential for the refugees to have some kind of occupation while in the camp in order to keep up their morale. He also advocated that all refugees between the age of 14 and 50, if conditions permit, should be trained to work. The 218 men and women working at the Boone Road camp were enlisted from seven camps maintained by the International Red Cross. Of these 78 are trained workers, while the remaining 140 are receiving training. At the present time work of the refugees is limited to the making of straw baskets, embroidery, hemstitching and tailoring. Plans are being made, however, to start work in towel-making, carpentry, laundry, tin and brass work. A department for making paper flowers is also being projected. A local firm has promised to supply the necessary material for this work.

Because of the nature of the work, it was revealed, most of the refugees employed at the Boone Road camp are women, who represent about 85 per cent of the total number of workers. The products turned out by the refugees has encouraged officials of the International Red Cross to push the industrial project in a more extensive manner. Lee revealed that during the last 10 days of April, the 78 trained workers on payroll earned a total of some $127 in wages. The most efficient worker, making straw baskets, received $6.68 for the 10 days' work. Another refugee who was trained in the camp and put on the payroll received a wage of 15 cents for two days work.

Bank Accounts Started

The wages of the refugee workers, according to the present arrangement, are to be distributed thus: 25 per cent paid to the International Red Cross for food and training expenses; 25 per cent placed in a savings bank for the workersz and 50 per cent paid paid in cash to the workers. Officials in charge of the work-relief project have received offers from merchants to supply equipment, trainers and overseers for the refugees. These offers, however, are not being accepted by the committee members who fear that exploitation of the refugees might occur if the merchants are allowed to take a hand in the management. Products turned out by the refugee workers, however, are being sold to various firms which pay wages to the Red Cross at a set scale.

Two Millions For War Relief

The Executive Yuan has decided to appropriate a sum of two million dollars to the (War-Time) Relief Commission (*Chen-Chi Wei-Yuan-Hui*) for urgent relief of war refugees. At the request of the Anhwei Provincial Government, the Executive Yuan has also authorized the Ministry of Finance to remit $200,000 for relief

(*Continued on page 352*)

THE WILL TO FIGHT JAPAN!

Jack Cieen in Life Magazine (New York)

Chinese peasant, whose child was killed by Japanese airbombs, has no other course than reach for his rifle to fight the invaders of his homeland.

China Optimistic As Japan's Army Pushes Southward

SIMULTANEOUSLY with the occupation of Amoy, in Fukien Province and what may be considered South China, Japan's armies in Southern Shantung swept steadily southward this week, bludgeoning its way through Chinese troops, obviously badly lacking in mechanical equipment, ammunition and food, to converge on Hsuchow, long Japan's objective, pound it heavily with artillery, bomb it mercilessly from the air. At the same time, Japanese troops carried on past the Lunghai Railway, cutting it with their three columns forging ahead in a pincer movement in order to encircle Chinese forces with the avowed intention of annihiliating them. On May 18, the entire stretch of the Lunghai from Tangshan eastward to Hsuchow was said to be in Japanese hands. With the tightening of the pincer movement, the only road open to Chinese retreat, reports said, lie to the east and southeast. From both of these directions, however, strong Japanese detachments are said to be closing in.

Steadily moving toward Hsuchow, Japanese artillery on May 18 began bombarding its walls from positions on top of Pawangshan Mountain, eight kilometers to the west. Shells dropped accurately on Chinese positions on Hsuchow's walls, and just outside them were causing "havoc." The bombardment, which was unloosed in the afternoon, was paving the way for an infantry assault on the city. Two hours after the Japanese shells began raining on Hsuchow large numbers of Chinese troops concentrated in and near the city began a hurried retreat to the south and southeast, the message claimed.

Bombs Rain on Hsuchow

A Japanese air armada, consisting of eight flights of more than twelve planes each, on May 16 literally rained bombs on Hsuchow. The force engaged in the raid was believed to have been the largest ever employed by the Japanese fighting services in any single military operation. Two flights of heavy bombers dropped "more than 200" missiles each upon Chinese troops, positions, dumps and other military objectives below. In addition to "about 100" planes engaged in this terrifying raid upon the Chinese stronghold, independent flights of naval aircraft, each consisting of three to eight machines, assisted the Japanese columns rapidly converging upon the city.

Despite the sudden turn in events to favor Japan, Hankow remains optimistic over the Hsuchow battle. They offer the following six reasons for their continued high spirits:

1. "Time is in China's favor. She has carried on the war for 10 months and will be able to continue to do so.

2. "The Chinese are gradually wearing down the Japanese by inflicting heavy losses on them on all fronts.

3. "The Japanese had hoped that the war would be terminated after the fall of Nanking, but China's strength and resistance were only increased. Likewise, the Japanese expect that the fall of Hsuchowfu will crush Chinese resistance, but we are confident that China's strength and resistance will be increased.

4. "The vastness of China's territory is in her favor. By gaining Hsuchowfu, the Japanese will have lost Shansi.

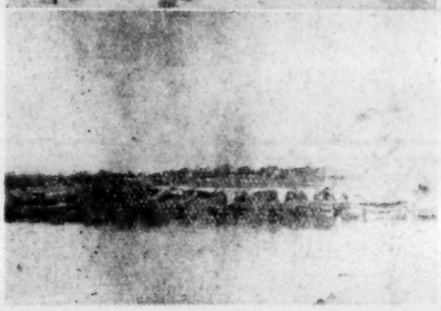
5. "We are confident that we can hold Hsuchowfu! The Shansi campaign has proved that the occupation of the railway and even of the principal cities cannot determine the outcome of a campaign.

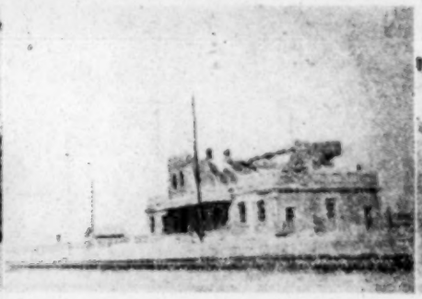
6. "Even if we lose Hsuchowfu, China must and will carry on our country has been invaded and we have no alternative but to fight to the finish."

Churches, Hospitals Bombed

Japan, in its attack on Hsuchow and the surrounding area still held to its program of destroying churches and hospitals. On the May 13th attack, the American Presbyterian Church, St. Mark's was reported completely demolished, though the roof of the church conspicuously displayed two American flags. On the same day, the American Baptist Mission and the Italian Catholic Church in Chengchow were said to have been destroyed when 14 Japanese bombers raided the city. Seven bombs were dropped on the Hua Mei Hospital, American, while 15 bombs hit the Italian church. When Japanese planes visited Hsuchow on May 14th, bombs were dropped on the French Catholic Church, destroying part of the church and 10 houses in the mission compound. The Hsuchow Middle School, the Chengshan Normal School, the Hsuchow Girls' Normal School and the Hsuchow Mass Education Institute also were reported destroyed.

TAIERCHWANG—WHERE JAPANESE SUFFERED FIRST DEFEAT





Top left—**Chinese officers and soldiers standing at the entrance to a dug-out at Taierchwang.**

Top center—**All that is left of the Taierchwang railway station.**

Right—**Chinese soldiers defending the city wall against Japanese attacks. Bodies may be seen in the lower right corner of the picture.**

Left below—**The barrier across the Grand Canal and the smoke of burning Taierchwang in the distance.**

Ex-Reds Organized Into 4th Route Army

In an attempt to organize the masses and to arm them for the armed resistance against Japanese invasion, the military authorities have ordered the reorganization of all the former Red army men in Kiangsu, Chekiang, Anhwei, Fukien, and Kiangsi provinces into the Fourth Route Army. Generals Yeh Ting and Hong Ying, well-known Red Army leaders, have been appointed by the military authorities as commander-in-chief and deputy commander-in-chief of the Army, respectively. The Fourth Route Army has been organized into four detachments. The first detachment is now stationed at the border of Chekiang and Fukien, the second detachment is stationed at the border of Kiangsi, and Fukien Provinces, the third detachment at the border of Kiangsi, Chekiang and Anhwei Provinces, and the fourth detachment at Kiangsi, Hunnan and Hupeh border. With the organization of these former Red Army men, it is expected that the Chinese authorities will launch an extensive guerilla warfare in the southwestern provinces.

Kwangtung Officials Confer on Next Moves

Kwangtung military leaders are holding daily conferences since the occupation of Amoy by the Japanese, according to reports from Canton. Gen. Wu Teh-chen, Chairman of the Kwangtung Provincial Government, is reported to have flown to Hankow on May 12 to get instructions from Gen. Chiang Kai-shek. Conferences are being held by Gen. Yu Han-mou, Pacification Commissioner of Kwangtung; Gen. Miu Pei-nan, Chief of Staff of the Fourth Route Army, who is recovering from an illness; Gen. Huang Tao and Gen. Tseng Yu-jen. A group of Chinese who arrived here from Kulangsu aboard a foreign steamer declared that Chinese soldiers under Gen. Sung Tien-tsai, Commander of the garrison in Amoy, fled without offering determined resistance to the Japanese attack. They bitterly criticized the director of the Peace Preservation Bureau and Gen. Sung.

The Customs—Britain's Aid to Japan?

BY CHE-WEN SUNG

SINCE the agreement between Great Britian and Japan regarding the Chinese Customs was published in London and Tokyo, it has of late been the center of talk everywhere. Some say that this agreement is one of the wisest steps in dealing with the present awkward situation and that it would be rather shortsighted for China to make any repudiation of it on account of the reason that the foreign loan will maintain China's credit abroad and so forth, while others say that the conclusion of this agreement was not only to the great detriment of the sovereignty of China over the Customs but a serious blow to Great Britain as far as its prestige in the Far East and its interests in China are concerned.

Pros and Cons in regard to this agreement are as inevitable as those regarding the making of any other treaties; the *North China Daily News* once stated editorially that the deviser of a perfect scheme in respect to any question has yet to be born. We must, however, note that while there is no deviser of a perfect scheme, there are devisers who make every attempt to put aside their prejudices and selfish motives and use every endeavor within their power to frame a scheme as perfect as they can. Taking it for granted that the British Government was actuated in making this arrangement with Japan by the good motive of upholding China's foreign credit and maintaining the integrity of the Chinese Customs, some grave defects regarding the conclusion of this agreement, though temporary in nature, are worthy of our serious attention.

Sets Perilous example

In the first place, although the Chinese Government is not in any way committed because it is not a party to this agreement, the Chinese Customs, which constitute an integral part of the administration of the Chinese Republic, should have been taken as the subject matter of an agreement, not only sets down a very perilous example, perhaps rather unprecedented in nature, of destroying the integrity of the Chinese Customs but also is a serious derogation to the Chinese sovereign right over the Customs.

In the second place, this Anglo-Japanese arrangement has made a further step in consummating the transfer of the Chinese Customs to the hands of the so-called "Reformed Nanking Government" on a firmer basis. Despite the frequent announcements made by the British Government that it has done and will always do its utmost to respect the sovereign right of China, the arrangement has indicated a growing tendency that it will implicitly, if not explicitly, recognize the right *de facto* of the Nanking puppet Government over the Customs.

In the third place, side by side with the transfer of the Customs to the "puppet government" will be the transfer of the Customs revenues from a neutral to a Japanese bank. It is only too well known that Japan has long conceived the ill desire, by using every possible means at her disposal, of upsetting or even breaking down, if possible, the whole economic structure of China. The transfer of Customs revenues will, therefore, not only boost the Japanese invasion into China by giving Japan facilities of using the Chinese money against Chinese, but also contains a most serions danger of furnishing the invading nation with the opportunity to overturn the wholesome system of the Chinese currency.

In spite of the fact that the agreement is possessed of two salient features, that is, the maintenance of the integrity of the Customs and the safeguarding of the interests of the holders of China's foreign obligations secured on the Customs revenues and thus assisting in upholding China's credit abroad, we wonder whether the results of this agreement will lead to the contrary of what the devisers, at least on the part of the British Government, of this agreement have originally wished to realize.

Only for Foreign Loans?

Firstly, since the so-called maintenance of the integrity of the Customs is only confined to the continuance of the service of the Customs House, the important question as to the sovereign right of China over the Customs is lacking in attention. In other words, it seems to us that the agreement has only one significance, and that is that the obligation of China toward other nations must be guaranteed and that, on account of this guarantee, the Customs must be kept working and collecting the different taxes to cover the payment of foreign loans. It seems the question regarding to whom the sovereignty over the Customs shall belong—to the National Government or to the so-called "Reformed Nanking Government" or to some other puppet regimes—is not regarded as important.

It is difficult to say that an agreement based upon such a fallacy will be effective enough in keeping the Customs services intact. The recent march of events has led us to the following conclusion that in case the transfer of the Customs administration to any puppet government is put into effect, there is a great degree of certainty for the withdrawal of all the officials from the Customs. Secondly, the agreement will enable the invading nation, as discussed before, to seize the opportunity for attacking the Chinese currency. We wonder how the Chinese foreign credits can be upheld should the finance of China be unfortunately broken down? Perhaps, it is too early for us to pass upon the sincerity of Japan as to her obligation toward the Customs agreement, but so far as her past doings and trust worthiness are considered, she can hardly make us believe that she will faithfully her words and perform her duty she has promised in the said agreement. Many people have wondered whether this Customs agreement is only a secret understanding between the Japanese and the British Government for division their respective spoils in this country. I hope this is not the case.

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Pravda writes in an international review: "The Anglo-Japanese Customs agreement means the actual transferring of incomes of many Chinese custom houses over to the Japanese. Japan, with the aid of the British government, will receive new sources of foreign currency of which she is so acutely in need. The agreement on Chinese custom houses and the recently signed agreement in compliance with which British banks pledge to support the rate of the yen, represent a peculiar financial assistance rendered by Great Britain to the Japanese aggressor.

"That is how Great Britain fulfills her obligations following from the decision of the Plenum of the League of Nations. The financial position of Japan is extremely difficult. And Great Britain hastens to assist Japanese usurpers. It goes without saying that this will entail only the prolongation of the sanguinary war, since the Japanese imperialists are unable to break the resistance of the Chinese people. The British imperialism contributes in every way to fanning the flame of the fire."

"SAM, 'ELP SAVE HIM!"

N. Y. Evening Post

John :—" 'elp save 'im Sam, 'e's wearin' my bathin' suit!"

Regulations On Silk Exports

The Manchukuo Government has promulgated a set of new regulations regarding the compulsory examination of silk yarn for export. The regulations were approved at a meeting of the State Council on April 25 and by the Privy Council on May 3.

Cotton Import Quotas Fixed

Quotas for imports of raw cotton from Brazil have been fixed by the Society for Control of Raw Cotton Imports on the basis of actual imports during the past two years, Tokyo announces. The Society is negotiating with the Finance Ministry regarding licenses and the quotas will be announced soon.

Chinese Resistance Forces Heavy Wartime Budget for Japan

THE annual appropriations for the fiscal year 1937-38, as approved by the Japanese Imperial Diet at its 70th session, reached Yen 2,872 million, including the supplementary budget estimate of Yen 58 million. This was the highest on record in the financial annals of Japan and represented an expansion of Yen 567 million in comparison with the fiscal year 1936-37. To provide for this huge spending program, the Japanese Government increased taxes by Yen 292 million and issued "red-ink" bonds to the amount of Yen 771 million.

The financial year 1937-38 witnessed a broad expansion of the original budget, yet in addition the Government had to reformulate its financial program on a wartime basis due to the outbreak of the North China war in July. The Konoye Cabinet called the 71st session of the Diet, which convened on July 23, and introduced a supplementary budget calling for the appropriation of Yen 96,800,000 to cover the expenditures in connection with the Incident. The situation in China was further aggravated, however, and on August 5 the Administration submitted the second supplementary Incident budget for Yen 416 million. Thus the Diet approved military expenditures of Yen 512 million.

Later the situation continued to assume more and more serious aspect, and the imperial Government finally determined to dispatch a punitive expeditionary force to Shanghai. This naturally necessitated a steady increase in the military expenditures in connection with the China campaign. Less than one month after the adjournment of the 71st Diet session on August 8, the Government called another extraordinary session on September 3 and introduced for approval a vast supplementary military budget involving the amount of Yen 2,023 million. When the military expenditures increased in this manner, the administration felt it inappropriate to treat them under the General Account, and established the Special Account of Extraordinary Military Expenditures, to which was transferred together with the Yen 500 million supplementary budget approved by the Diet at its 71st session.

This Special Account will exist until the te mination of the war in China without any fixed fiscal term. This is the fourth such Special Account to be established in Japan, the previous ones having been formed during the Sino-Japanese War, the Russo-Japanese War and the German-Japanese War (including the Siberian Expedition). The military budget approved by the Diet at its 72nd session was to cover the expenditures until the end of January, 1938, and a large portion of it was to be met with bond issues. From the amount of China war bonds issued, however, it is estimated that the amount of the budget actually spent by the close of January 1938 was no more than approximately Yen 1,630 million, the remaining Yen 900 million being carried forward. In other words, the actual military expenditures for the period of seven months ending on January 31, 1938, was about Yen 1,600 million.

Prolonged War

Later, however, the possibility of peace negotiations with the Nationalist Government of China vanished completely, and Japan saw the necessity of fighting a prolonged war. Consequently the Government submitted to the 73rd ordinary session of the Diet a supplementary budget under the Special Account of Extraordinary Military Expenditures, calling for Yen 4,805 million, which was unanimously approved. Of this total Yen 550 is a reserve and the remaining Yen 4,300 million is to cover the China Incident expenditures for the period from February, 1938 to the end of January, 1939. For funds to meet all of these expenditures, the Government is to depend on borrowing, except for slightly less than Yen 100 million to be obtained from tax increases approved at the special session of the Diet in August 1937 and about Yen 300 million from increases approved at the 73rd ordinary session early this year.

TABLE 1. SPECIAL ACCOUNT EMERGENCY MILITARY EXPENDITURES
(In Yen 1,000)

	71st session	*72nd session*	*73rd session*	*Total*
Army	303,108	1,422,713	3,257,000	4,982,921
Navy	104,100	349,958	1,043,005	1,497,058
Reserve	100,000	250,000	550,000	900,000
Total	527,208	2,023,671	4,850,000	7,379,879

Note:—The estimates passed at the 71st session of the Diet were first appropriated under the General Account for the fiscal year 1837-38, but later transferred to the Special Account.

TABLE 2. REVENUE ESTIMATES OF EMERGENCY EXPENDITURES
(In Yen million)

	71st session	*72nd session*	*73rd session*	*Total*
Tax receipts:	67	—	327	394
North China Incident Special Tax	67	—	9	76
Transferred from the General Account	—	—	318	318
Receipts transferred from Various Enterprise s. accts	—	—	56	56
Transferred from the Colonial Governments s. a.	3	—	47	50
Bonds issues and Debts	438	2,023	4,453	6,914
Other receipts	—	—	3	3
Total	507	2,023	4,887	7,427

While the explanations given above apply solely to the Special Account of Extraordinary Military Expenditures, large sums also have been appropriated in connection with the conflict under other accounts. Among these the military expenses under the General Account should be considered first. The annual expenditures estimated under the General Account for the 1937-38 financial year, with the three supplementary budgets totaled Yen 2,982 million. The Army expenses represented Yen 728 million and the appropriations for the Navy Yen 684 million, the two items aggregating Yen 1,012 million, or 47% of the total budget.

TABLE 3. ESTIMATED GENERAL ACCOUNT EXPENDITURES
(In Yen 1,000)

	1937-38
1. Original budget	2,872,227
2. Supplementary budget approved at the 71st Diet.	29,743
3. Supplementary budget approved at the 72nd Diet.	42,647
4. Supplementary budget approved at the 73rd Diet.	37,004
Total	2,981,691

The original plan for the General Account budget for the fiscal year 1938-39 involved expenditures of Yen 2,867 million, but successive increases were made later, namely the first supplementary budget amounting to Yen 386 million, second supplementary budget Yen 171 million, and the third supplementary budget Yen 89 million, all of which combined to bring the estimated expenditures under the General Account to the total of Yen 3,510 million. As provided in the budget plan for the previous fiscal year, the greater portion of the estimated additional expenditures for 1938-39 are to be met with funds which will be obtained from bond issues, and the loan program of the Government for the financial year 1938-39 has been expnaded to more than Yen 1,100 million.

TABLE 4. ESTIMATED 1938-39 EXPENDITURES
(In Yen 1,000)

1. Original budget	2,867,796
2. First supplementary budget	386,492
3. Second supplementary budget	171,006
4. Third supplementary budget	89,226
Total	3,514,521

It is noticeable that in the Special Accounts also there have been marked increases in the expenditures in branches relating to the war, and that the amounts of estimated bond issues likewise have assumed sizable proportions. The combined actual expenditures under the General and Special Accounts for the fiscal year of 1938-39 will therefore reach a total in the neighborhood of Yen 12,000 million, which is nearly double the corresponding figure of Yen 6,000 million for the 1936-37 fiscal year, and treble the figures for the years preceding the financial year of 1932-33, which were kept below the Yen 4,000 million mark. Again, the estimated annual total of bond issues required to make good the budgetary deficits, has ascended to the huge amount of Yen 5,600 million, which is far above the level of about Yen 1,000 million for each of several years prior to the financial year 1936-37.

Danger of Collapse

Even if Japan wins the war in China, she will face serious danger of economic collapse, says Miriam S. Farley in the *Far Eastern Survey*. "As a result of her continental policy Japan is building up a wartime industrial plant which it will be very difficult to demobilize, after the war, without catastrophic effects on the national economy and government finance." "The magnitude of the sums demanded by the government would indicate that it anticipates continuation of the struggle in China on an undiminished scale for many months to come. No let-up is in sight, therefore, in the enormous strain imposed by war on the Japanese economy."

Over 7,394 million yen ($2,144,260,000) have been appropriated for military expenditures since the beginning of Japan's Chinese incident. "Taking general and war expenses together," continues Miss Farley, "the Japanese government's budgeted outlay for 1937-38 amounts to 5,490 million yen ($1,592,100,000) an increase of 141% over actual expenses for the previous year." For 1938-39 the sums so far appropriated total 7,718 million yen ($2,238,220,000) or 238% more than expenditures in the last year

(*Continued on page 348*)

Is Britain's Future in the Far East At Stake?

BY PETER SOUTH

JAPAN and Great Britain today have met at the cross-roads. It, perhaps, is a momentous meeting—for, to venture an opinion, Britain's future Far Eastern policy must now, irrevocably, be laid down.

There are many things which, in the past several weeks, have set the stage for this drama—assuming, of course, that the British and the Japanese DID NOT reach an accord on all phases of Asian difficulties when they divided the Customs spoils in Tokyo early in May.

The latest and most significant turn of events is Japan's attack on Amoy. This situation, however, would be lacking in significance if it did not presage, perhaps, a general attack upon South China in which Gen. K. Matsui, former commander-in-chief of Japanese troops in Central China, hopes to penetrate further south to Changchow and Lungki, thence to Swatow. Here, Matsui reportedly plans to cut the Canton-Hankow Railway, China's most important line today, with thousands of tons of ammunition being transported daily to Hankow. If this is effected, the Japanese will be in a most favorable position to strike at Canton, and at the same time threaten, if need be, Hongkong. But, more about Hongkong and southern China later.

Other events have mushroomed in Shanghai within the past several weeks which have roused the ire of the Britisher. These events undoubtedly must place the British government in an awkward position. Government leaders, following a policy of kow-towing to all bull-dozing Fascist powers, have shown a marked trend toward conciliation with Japan. This is the antithesis to the attitude of the average British resident in China. The formerly arrogant Britisher has been pushed, mauled and slapped around for many months by more arrogant Japanese soldiers, sniffed at by supercilious Japanese diplomats; blocked, thwarted and deliberately hindered continuously in his honest effort to revive or carry on his business. Today he is practically one hundred per cent for open military operations against Japan.

Incidents Rouse British

His anti-Japanese feelings were further roused when on May 13, a British resident of Shanghai, E. S. Wilkinson, was bayoneted in the back, shoved around, struck in the eye and and kicked in the shins by Japanese soldiers who performed these acts apparently because Wilkinson admitted that he was British. At the time of the assault, he was said to have been engaged in observing movements of birds—a hobby to which he devotes much time.

Several weeks ago, a British army truck was halted by Japanese sentries who accused its occupants of transporting ammunition into a Japanese-occupied section of Shanghai. One Japanese gendarme pushed and shoved a British officer, whereupon a detachment of Seaforth Highlanders ushered the Japanese and some of his cohorts back into their section at the point of bayonets. Countless other incidents of this nature, coupled with bombing incidents in which Japanese troops attempt and actually do usurp British authority, have paved the way for a growing hatred of the Japanese. It is understood from several source that British officers fear difficulty in some cases in restraining the Highlanders from provoking open trouble when they rub elbows with the Nipponese.

But the hindrance to British trade is, perhaps, the real nucleus for the British resident's rapidly's-mounting resentment against Japan. Protest after protest have been filed with Japanese authorities. The British receive smiling apologies, profound regrets, and left-handed promises. Such things as the following, however, continue to exist:

Tungwo Protest

Rights of British vessels to navigate the China waters without let or hindrance were asserted in a series of strong protests lodged simultaneously last week in Shanghai, Tokyo and London. The protests were lodged as a direct result of the Japanese seizure and search of the British steamer Tungwo off Haimen Creek, in the Yangtse, on April 26, but it is understood that reference also has been made in the protest to conditions which have been existing in the river since the Japanese penetration to Wuhu. The protests will draw attention, to the many incidents which have occurred in connection with British vessels in China, and will regret that Japanese promises made in connection with such incidents have not been carried out, either in letter or spirit. At the enforcement of the blockade, British and Japanese authorities reached a "gentleman's agreement" whereby it was agreed that Japanese naval vessels should be permitted to ascertain the right of a vessel to fly the British flag, provided that no British naval vessel was in the vicinity at the time, but since then, several British vessels have been stopped, detained and permitted to proceed only after strong representations had been made. In some cases an inspection was made of the vessels' cargo.

Gravity of Case

The incident involving the British steamer Tungwo is taken to be a breach of the gentleman's agreement in the first place, and greater gravity is attached to the Japanese action because the Tungwo was detained after both naval and diplomatic protests had been made to the responsible Japanese authorities. "There is an important principle involved in this case," a British consular spokesman pointed out. "It is the principle of British rights to navigate freely in Chinese waters—the upholding of the open-door policy on the rivers." It was stated authoritatively that the Tungwo was boarded without notice by a party of Japanese soldiers while she was discharging cargo off Haimen Creek, the boarding party demanding a Japanese army permit from the captain of the vessel. The master told the officer in charge of the boarding party that the steamer was a British-owned and registered vessel and required no permit.

AT THE GATE OF EMPIRE!

Fitzpatrick in St. Louis Post-Dispatch

Simultaneously with the protests against the seizure and search of the Tungwo, British Naval authorities have lodged a firm protest against the threat by Japanese headquarters upriver that H.M.S. Scarab would be fired on if she sailed from her berth for Shanghai according to schedule. Despite Japanese threats, H.M.S. Scarab replied that she would sail according to schedule, and was con[illegible]led to proceed down the river with her decks cleared for action and gun crews standing by for emergencies. As a result of the incident, British gunboats since early in May have been patrolling the river in pairs, H.M.S. Scarab sailing on her return trip upriver in company with H.M.S. Cricket.

Other Protests

Further British Consular representations are now being made in connection with two other alleged illegal actions by Japanese military or naval authorities. One of the illegal actions is stated to be the virtual seizure of the Sung Sing No. 7 Cotton Mill, in Yangtzepoo Road, owned by British interests for more than three years, and prior to the hostilities operated on lease by a Chinese concern. The whole mill, machinery, stock and property belong to the Hongkong and Shanghai Bank by virtue of a foreclosure on mortgage more than three years ago, according to records at the British Consulate-General, and British Consular notices were posted at the mill following the evacuation of the Chinese staff. These notices have since been torn down and replaced by Japanese signs forbidding the entry of anyone except by authority of the Japanese "Special Naval Service Mission," or the Kung Dah No. 2 Cotton Mill, a Japanese factory adjoining the British premises. Owing to obstructive action by the Japanese authorities, it is complained by British firms with cotton mills and other property in the northern districts, plants, machinery

and stock have suffered Severely through deterioration brought on by lack of proper care and supervision.

Despite these manifold cases of obstruction, Japan's spokesmen in Shanghai continue to deny obvious facts and assert that full assistance is being given to foreign interests reopening their industrial plants north of Soochow Creek.

Jealous of Hongkong Trade

But, now concerning Japan's reported intentions of pushing its warfare to southern China. A Japanese attack on Canton would seriously menace the strategic and economic position of Hongkong, Britain's bulwark of empire in South China. Danger of such an attack is seen in the fact that a lively munitions trade, passing through the port of Hongkong, is still furnishing badly needed arms from abroad to the Chinese armies. Will Japan permit this trade to continue?

Though few believe that Japan would directly attack Hongkong, a campaign against nearby Canton would create grave danger of serious incidents involving British lives and property. The greatest danger to Hongkong, however, would be that of slow economic strangulation, against which fortifications are little defense. With the South China hinterland in Japanese hands, the trade upon which Hongkong's prosperity depends would be at the mercy of Japan. Though Japan has systematically bombed the Canton area and the connecting railways from the air, she has been able only to hamper and not to cut off the traffic in arms. Outright declaration of war would furnish the legal basis for a tight blockade of the China coast, which could be extended even to the entrepot trade of neutral Hongkong by invoking the doctrine of continuous voyage. On the other hand, rejecting a declaration of war, Japan may decide to cut China's last good means of communication with the outside world by occupying the South China coast.

Thus Britain, which has so far pursued a policy of watchful waiting, may have to decide whether the strategic and commercial interests represented by Hongkong are worth defending—and whether they are better defended by force or by diplomacy.

Uneasiness Over Southeast Asia

Concern for the security of southeast Asia is an important factor in Japan's gradual movement to subjugate China's southern areas. Ernest O. Hauser, writing on Britain's Economic Stake in British Malaya, French Indochina, Siam, Netherlands India and the Philippines, in the *Far Eastern Survey* finds that "the security and profitability of the British economic stake in southeast Asia are in large part dependent upon continuance of the political status quo. For a number of years, Japan's trade offensive and other evidences of economic penetration, together with the reputed ambition of the Japanese navy to extene Japan's drive for empire to the south, have been causing considerable uneasiness among those Western powers which have important interests in southeast Asia. Great Britain was said to be pressing for strong measures of protection."

"British concern for the future of southeast Asia is based upon colonial possessions in that area, upon trade, investments and other economic interests, and upon the strategic significance of the region in British Empire defense and communications. The narrow Strait of Malacca, dominated by the port of Singapore, commands the approach to India from the Pacific Ocean. Hence the friendly attitude of the powers holding the surrounding territory is of vital importance for Great Britain. While southeast Asia is thus of the first importance in British Empire strategy, Britain's economic stake in this area is relatively small. British long-term investments in southeast Asia amount to 108 million, or roughly 3% of Britain's total long-term overseas investments. Britain's trade with the countries concerned is equally small; in 1936, it amounted to some £26 million, or roughly 2% of Britain's total foreign trade.

Modify Open Door Policy

"But the qualitative significance of British imports from southeast Asia outweighs their relatively small quantity, as this area is an essential source of certain raw materials, in particular rubber and tin, or which are founded British industries producing for export as well as for the domestic market. Many of these materials are produced by British enterprise, as about £90 million of British capital is invested in rubber plantations, and £8 million in mines. British investment in Netherlands India has centered around the valuable and strategically important deposits of petroleum; the Royal Dutch Shell group controls more than three quarters of the oil production there. British sovereignty and political influence in southeast Asia has contributed in many ways to the promotion and maintenance of British economic interests. The inroads of Japanese goods, together with the world-wide trend toward economic nationalism, have induced Britain and the Netherlands to modify their traditional Open Door policy. The result is a clash of economic nationalisms which inevitably carries over into the political field. With Japan's military and naval forces fully occupied in the north, however, there seems to be no immediate danger of a Japanese venture in southeast Asia. But a complete victory in China may lead to a new advance in the south, as Chinese territory under Japanese control could be used as a springboard."

It is true then, perhaps, that Japan and Great Britain have collided at the cross-roads insofar as the future path to be followed in the handling of British Far Eastern relations. Great Britain is placed in a position where she must choose, if her government leaders have not already so done, which road she will take. There are two alternatives. Either now she walks arm in arm with Japan, settling differences by diplomacy, dividing the spoils of China in a share and share alike manner; or, she must now openly oppose Nippon's growing dominating position, her insatiable desire to establish a hegemony over all Asia. To oppose would mean war, Britain undoubtedly realizes. Britain, perhaps, is not at present adequately prepared for such a strong measure in the Far East. Her Singapore naval base is complete, but lacks sufficient equipment to carry on a major war. The Mediterranean question is not altogether settled. Diplomacy, then, is the way out. The easiest way to slip out of her Asian problem and still retain some semblance of her prestige is an accord with Japan. But, will the British public stand for such an act?

Which road will Great Britain follow?

England and France Sympathize With China's Problems

The Chinese authorities have received the following message from the Manchester district of the China Relief and Campaign Committee upon the conclusion of the district's "China Week:" "We are with you in your heroic struggle against aggression and we pledge ourselves to continue supporting you until the world recognizes the justice of your cause." In the past six months, the Committee has contributed nearly £2,000 to the China Relief Fund of the Lord Mayor, and it has also sent to China £2,000 worth of medical supplies and clothing worth £500.

French Group Asks Aid

Effective and collective aid to China was requested in a memo sent to the Chairman of the League of Nations Council last week by M. Maurice Violette, Independent Socialist Senator and former State Minister, on behalf of an association, "Friends of the Chinese People." The memo forwarded by M. Violette concerned "Japanese aggression in China" and asked that a resolution adopted by the Assembly some time ago, providing for individual aid to China by any countries that wish to help, should be carried out. The Association, "Friends of the Chinese People," is a federation of 52 different French organizations. The message sent by this body reads, "China is giving a magnificent example of her patriotism and ability to defend herself; it is up to the League of Nations to give her the means with which to paralyze the aggressor."

German Press to Be Neutral

The German press will henceforth maintain strict neutrality in the Sino-Japanese conflict. A communication to this effect was sent by the Foreign Ministry to the Chinese Embassy last week, *Havas* reported. Chinese quarters in Berlin declared themselves highly satisfied at such a decision, which, according to them, shows that China's resistance against Japanese aggression is influencing German political circles. Well-informed quarters in Berlin added that the delay in the departure of the Reich diplomatic representative to Manchukuo may be explained by the German desire to spare the susceptibilitary of the Chinese. An influential German personality arrived from Hankow recently to present films depicting violences committed by Japanese soldiers in China. The film will be presented at a private sitting to several leaders of the Reich, among others to Field-Marshal Hermann Goering, the Air Minister.

Says Hitler Visit to Italy Negative

Hitler's visit to Italy was absolutely negative from a religious point of view, the Abvenire d'Italia, Catholic journal published in Rome, declared last week. The paper stressed the bitterness of the faithful with regard to such a situation. "Despite the anschluss," the journal added, "Italy has certainly gained some political advantages from the Rome-Berlin axis. But the new Germanism is an element of trouble owing to its philosophical ideas. Italian Catholics had hoped that Herr Hitler's trip would have occasioned a clarification of this troublesome situation. The despondency of the Pope was a thorn in the heart of all the faithful in Italy, who are concerned for the fate of their German brothers."

New Japanese Financial Secretary Coming

Bunzo Kubo, Sectional Chief of the Accounts Bureau of the Finance Ministry, has been chosen to succeed Minoru Inamori as Financial Secretary of the Ministry in Shanghai. Promoted to the post of Chief of the Exports Section of the Exchange Bureau, Inamori will leave Shanghai for Japan in the near future.

Japan Loses Twice

BY NATHANIEL PEFFER, *in The New Republic*

IF NINE MONTHS of the China-Japan war had to be summarized in a single sentence it could be said that the Japanese army has won the first engagements in Japan as well as China and is losing the war in both. And it has been more successful thus far in Japan than in China.

The Japanese army started the war with two main objectives. The first was external: to carve out a territorial bloc in North China which would first be "autonomous" and then move by graduated stages into a "cooperative" relationship with Manchukuo and Japan—eventually a tripartite autarchy ruled from Tokyo. At the same time a favorable strategic position would be gained for a probable war with Soviet Russia. The second objective was internal: under cover of war needs to establish a military control over the whole of the Japanese economy, or at least to put Japanese industry and finance at the disposal of the Japanese military whenever they deem necessary and thus end the power of big business to veto military adventures on the ground of cost.

In China the Japanese army has carried the first campaign. It has occupied the northern provinces marked out for its bloc and the lower Yangtze region as well, including the wealthiest part of the country. But it is no nearer a decision than it was nine months ago. On the countrary, its rate of progress is declining.

In Japan, too, the Japanese army has carried the first campaign. As a culmination to a whole series of measures imposing sharp restrictions on use of capital, exchange movements, imports and other normal economic activities, the National Mobilization Bill was bludgeoned through the Diet. This puts into the hands of the government, which is to say the army, a centralized control over the whole of the Japanese economy. It is drafted in such broad and general terms that it can be construed to cover all the accumulated wealth and natural resources of the country. Thus the army has at last put to rout the political parties, which in Japan are the defense forces of big business, and attained the objective it has coveted for years, an objective it could not attain without war. It was the latter consideration that did much to incline the army toward war last summer. The army now controls not only the government of the country but its wealth and the mechanism for producing wealth. But the victory is an empty one unless the army can encompass the defeat of China before the fighting drains away the national wealth over which it now has control. And thus far the drain of wealth from Japan is more rapid than the advance of her army over Chinese territory.

Both in China and Japan time is working against the Japanese army, working faster with every month of the war. The Japanese have now stripped themselves of illusions. The war is still officially an "incident," but in the debates in the session of the Diet just closed all pretense that victory was a matter of a few more weeks was abandoned. The Japanese began the war in July in the confidence that China would be reduced to submission by October. Two months later they set the date at the beginning of this year. In January they fixed the time at June. Now, in the words of General Sugiyama, the War Minister, "there is still a long way to go." The most they can hope for now is a decision by the end of this year.

It is not a very robust hope. At the present rate the Japanese will not get to Hankow before summer. In fact, they must do much better than they've done the last two months to get there by summer. And when they have got there they will be only a little better off. The comforting policy of "non-aggravation of the incident" has been discarded as not feasible. The Japanese cannot draw a line at whatever point they deem convenient and settle down to a peaceful consolidation. Command of territory does them little good so long as there are still unbeaten Chinese forces at large. The policing problem is too difficult and they cannot capitalize on the victory. The Japanese have been in occupation of Hopei Province and adjacent regions since July. Driblets of iron from the Lungyen mines are all they have to show for it. For the Japanese do not dare go far from garrison centers for development of resources or for any other purpose. Even with Hankow occupied there will still be the enormous region west of Hankow to reduce, as well as the half of China that lies south of the Yangtze River.

It is for this reason Japan has had to resort to the dubious expedient of the new "states" set up in Peiping and in Nanking. These regimes, palpable dummies of the Japanese army, will do them little good. They carry no moral authority with the Chinese and only such political authority as derives from the Japanese bayonets that surround them. The personnel of the new Nanking regime is a confession of Japanese failure. For months the Japanese have been shopping around among the battered, discredited Chinese political hacks for officials to constitute the new government. No one of a higher order could be threatened, cajoled or bribed to accept. What has at last been patched together under the name of a government will arouse either ridicule or contempt among the Chinese. Its members are the dregs of a generation of Chinese political life. They may sign peace treaties with Japan once a week, but the same number of Chinese will go on fighting. Their decrees will be effective only as the Japanese army is victorious.

Expedients may create an illusion to save Japan's face from the failure to achieve military successes, but they do not check the flow of Japanese wealth to pay for an inconclusive war. Mr. Kaya, the Minister of Finance, boasted lustily in the Diet that "the country could stand expenditures even as great as 20,000,000,000 or 30,000,000,000 yen a year" and that "Japan's position would not be seriously effected," but the interpolations subsequently showed that all auditors knew as well as he that he was whistling in the dark.

The signs are already ominous. Budget figures are on a scale which for Japan is astronomical. Appropriations for the coming year exceed 7,500,000,000 yen, of which almost 5,000,000,000 are for war purposes. This is two and a half times the budget of the years before the war, when Japan was already unbale to finance herself except by deficit bonds. It was already difficult before the war to absorb bonds in the sum of 800,000,000 yen a year. Now for this year alone some 5,200,000,000 yen have to be raised by the sale of bonds. It cannot be done, of course. Of last year's issue to cover the cost of the first months of the war there were still more than 1,200,000,000 in bonds to be disposed of a few weeks ago.

The government will resort to a genteel, unacknowledged inflation. Bonds will be issued to the Bank of Japan, which will force some of them on other banks and for the rest pay checks and issue notes against the bonds. It will be a bookkeeping transaction, safe as long as a quasi-dictatorship prevents any challenge of the currency at home and there is enough gold to support the value of the yen abroad. But as Mr. Kaya said in an unguarded moment with reference to his new tax program: "I do not believe it is adequate in itself to prevent vicious inflation, but I think it will help." And as a spokesman of the Seiyukai remarked in the Diet: "The mere passing of bonds back and forth between the Bank of Japan and the financial world will only invite currency inflation, which is very obvious." It is obvious, indeed, to every seeing eye in Japan, hence the mounting concern among thinking Japanese. There is not enough mobile capital in Japan to provide the credit essential to the prosecution of the war and there is no prospect of a sufficiently great increase in the national incmoe in the near future to redeem what are essentially paper promises. Only the devices of what is in effect totalitarianism can now shore Japan up temporarily.

Whether she can be shored up more than temporarily is already doubtful. Inflation is visible in more telling ways than fiscal accounting. One of the more serious is the rising price level. The Bank of Japan index for February showed a rise of 11 percent over February of last year and a rise of more than 6 percent since the beginning of the war. And sooner or later this will be reflected in prices of Japanese exports, on which Japan will have to depend for exchange for the purchase abroad of materials for armament and munitions. At the rate of Japan's unfavorable balance of trade in the last year, she will before another year have to pay for most of her purchases abroad with exports alone. And a rise in prices of her exports, with tariffs against her goods prohibitive, as they are, will penalize foreign trade and strike at the weakest point in the nation's defenses.

The effects of the war already show in foreign-trade figures. For the first seven weeks of 1938 there was a drop of 19.4 percent in Japan's exports compared with last year. The war in China has cost an exorbitant price indirectly as well as directly. The excess of imports over exports was notably less than last year, but the unfavorable balance still amounts to 44,000,000 yen for seven weeks. At this rate more than 300,000,000 yen in gold will have to be sent abroad this year. Probably it will be more, since reserves of military supplies laid up in great quantity last year in anticipation of the war are being drawn down and will have to be replenished. Imports will have to rise before the end of the year as exports decline. Success or failure for Japan, solvency or collapse, turns mainly on foreign trade, and the outlook is far from promising. Japan can come through only if she can increase her foreign trade far beyond what it was in the best years of the famous trade offensive. But from every indication foreign trade will decline instead.

This being the setting within Japan, the Japanese army finds itself in a position in which it must conquer all of China or acknowledge failure and retreat. The latter it would not do even if it could. The difficulty of the former it is just beginning to realize. What it does not yet realize is that impossibility is a more accurate description than difficulty. As the task the Japanese army has set for itself measurably increases and progress diminishes, the means for carrying it out dwindle too. Even in the human element the decline is serious. General Sugiyama officially admitted early in February that the Japanese had lost 20,000 killed in action up to that time. The Japanese are given to understatement in casualty figures. Probably there were more. In the hard fighting along the Yellow River and the Lunghai Railway there have probably been 10,000 more killed since then. At the accepted ratio of dead to wounded, this would mean a total loss of 120,000 men. There are probably many more.

Never since the Japanese came out of seclusion in 1853 have they learned or unlearned so much in nine months as they have since last July. They are attempting simultaneously to conquer China, arithmetic and time. Of the last two they had never thought and on the first they had fatally miscalculated. They are making dangerously slow progress with the first and are steadily losing ground with the third. Japan has even more cruel lessons still before her.

Japan's 'Thought Control' in North China

THE glory of old Peiping is gone—and, under the heel of the Japanese military, it has become nothing better than a city of opium dens, vice shops; a city where truth, especially in the press, is not known; a city where the Japanese attempt to govern the thought of the multitude of residents. Such were the impressions given in an address by an American observer recently after a three weeks' stay in the Peiping-Tientsin area. Extracts from his speech follow:

"Going from Tientsin by train to Peiping I noticed a great deal of Japanese food is being served in the dining car. Of course the railway is now under the operation of the S.M.R. and the majority of the incoming passengers are Japanese. There is a strict control at Ch'ien Men Station, where all Chinese and Japanese civilians are carefully searched, the men by men police and the women by women police. Foreigners, however, are not included. (The same thorough search is being made of all the passengers on the bus travelling to Yenching University.)

"In the main streets of Peiping Japanese shops and restaurants are prominent. They have a very easy method of starting their business. They approach Chinese shop keepers to sell out at practically nothing. If the owners refuse they are at once branded as "anti-Japanese" and liable to arrest. Opium shops are visible in great numbers, openly advertising their wares. I myself bought for 10 cents a small package which contains the shop's name and address on the wrapping paper. There were no questions asked when I made the purchase.

Peiping Chronicle a Joke

"'Thought Control' is being exerted everywhere. The once famous *Peiping Chronicle* is a joke. If it has no Japanese victories to report they print travel stories, some of them several years old. The *North China Star* is also under Japanese influence and so are, naturally, all vernacular papers. Therefore the only independent paper is the *Peiping and Tientsin Times*. There is a great hunger for news, but the people who read English share their information with those who do not. An interesting example for the dissemination of information is the following method of the local manager of a foreign firm with stations all over Peiping. Every day he calls in his Chinese employees for "business talks," the purpose, of course, being actually to give them the latest news from the war front. Chinese radio owners are tuning in on Hankow at 4 a.m., although this, too, is stritcly prohibited. Consequently, people do know what is happening. They were informed of the Chinese victories at Taierchwang. They read the Japanese-sponsored papers by what is *not* in them. If no victories are reported, the contents consist largely of unimportant despatches, etc., and the readers know that things are well for the Chinese. Of course the city is full of rumors, for which the new hunger is largely responsible.

"In regard to colleges, Yenching and Fujen universities are the only ones in operation, the former with an enrollment of 600 students, and so far there has been no interference with the curriculum in either institution. Attempts, of course, have been made. An official of the Ministry of Education approached a dean of Yenching University regarding the advisability of adding new courses and engaging Japanese professors. The answer which he received was about as follows: 'We will be very glad to further the cooperation between the two neighboring nations and we fully realize the importance of harmonious spirit between China and Japan. Of course, new faculty members are invited in the regular course of affairs and we shall be glad to invite Japanese professors *when the time is ripe*. The time, however, is now definitely not ripe.' The official could not but agree to this answer, but his somewhat confused reply ended with the words, 'Would you mind telling all this to General So-and-So?' Dr. Stuart has made it a point that he will close the institution as soon as academic freedom is being interfered with.

"The Ministry of Education, at the behest, of course, of its Japanese advisor, is concerned principally with the Middle and particularly the Primary Schools. A number of changes have been made in the old text-books, as, for instance, the passage that young people should be loyal to the nation having been changed to they should be loyal to the family. The San Min Chu I has been replaced by the Wang Tao. Now what is happening in the schools is that the teachers emphasize in the closs-rooms that such-and-such a matter has been ordered "from above" and that they trust the students will take notice of that.

Non-Co-operation Methods

"There are a number of ways in which the Chinese manage not to co-operate with the Japanese. A local Chinese organization in Tientsin is in possession of a broadcasting station which had not been operating since the Japanese occupied the city. Not long ago a Military Commission arrived and asked that this station should resume operation. Fortunately, the gentlemen did not know anything about the radio apparatus and the man in charge profusely regretted that it was ruined beyond repair and could not be used. Similarly, the commission had the idea of using the auditorium for "harmonious meetings." Consequently, before they arrived the furniture in the auditorium was thrown down and the floor littered with dirt so that the place presented the appearance of complete destruction. A single glance was sufficient to convince the visitors that its use was out of the question.

"Japanese statements about Chinese co-operation, popular enthusiasm for the new government, etc. etc., are pure lies. The S.M.R. has published a pamphlet entitled "North China in Transition," which had a great deal to tell about the enthusiasm of the people, etc. It also tells that in several colleges the old book dealing with dangerous thoughts had been destroyed. Now this is a plain falsehood, because, for instance, in Yenching University a course dealing with Marxism is being given as before and all

ANOTHER JAPANESE WITHDRAWAL

Daily Herald, London

text-books which used to be in the University Library are still there and at the disposal of the students. This piece of Japanese propaganda is extremely simple. All that is necessary to get at the truth of the actual state of affairs is to change Yes to No or No to Yes, Black to White or White to Black.

"The 'Welcome Demonstration' at the inauguration of the 'Reformed Government' was entirely arranged by force. School children and students were equipped with the new flag and compelled to join in the march. After the official speaker, however, had finished his address of praise of the new government and concluded with the appeal. 'Now let us all cheer for the new government,' his cheer was the only one heard, there being a dead silence throughout the entire assembly.

"If enforced welcome demonstrations are humiliating, still more humiliating are the oratorical contests which the school principals are compelled to hold in their schools about the virtues of the new government. It can be taken, however, for assured that there is not a single student who voluntarily takes part in these affairs. The population, while oppressed, is whole-heartedly behind the Central Government—not only, as formerly, only the intellectuals, but all strata of the people. The formerly so conservative business men are eagerly looking forward to the day when Peiping and Tientsin will return to China. I talked with a policeman in Tientsin, who asked me whether we, the foreigners, would be glad to see the Chinese back in Hopei, and when I replied, 'We will be very glad indeed,' he was very happy and pointed out that Chinese interests and foreign interests are really the same. Only if the Japanese stay, both of them will suffer.

No Support for Government

"A donkey driver, whom I engaged for a visit to Nankow Pass, was outspoken in his abuse of the invaders. Neither had the ricksha coolies in both cities any favorable word to say about them. There is no support for Wang Keh-min's government. One of his daughters, who is studying at Yenching University, implored her father in tears not to accept the post. When the news of the attempted assassination reached her she was not sorry, and another member of Mr. Wang's family is said to have uttered the words, "Somebody ought to have killed the old fool.' This shows that loyalty to the nation is still stronger than loyalty to the family.

"I have often been asked why men like Mr. Wang and Dr. Tong, the Minister of Education, joined this puppet affair. There seem to be three reasons: One is that some of these men are hard up financially and are in need of an income. The second is that some of them hold property and are afraid it might be seized if they do not cooperate. The third is often for a personal grudge as in the case of Dr. Tong, who apparently never forgave the fact that he was not invited to the Scholars' Conference held by the Generalissimo in Kuling in the summer of 1937.

"As far as the economic situation is concerned, I have very little to say, but I think the fact that Japanese banks refuse to accept the newly issued notes of the Puppet Government speaks volumes.

"From several sides I was told about the increasingly effective Chinese administration which is being erected in the countryside of

Hopei. I was told that the majority of the hsien are under this control. A great number of former professors and students of the colleges of Peiping are now leaders in this administration as well as of the guerilla bands which fight the Japanese in an increasingly wider territory. One Yenching student received word that one of his former class-mates had been able to look at the Yenching Campus from the distant Western Hills on the occasion of one of those guerilla raids. In closing I can sum up that while Japan has occupied Peiping and Tientsin as well as the principal railways, it has not conquered the hearts of the Chinese population."

Throttling of the Press

In connection with Japan's campaign for "thought control," the secret Japanese Press Laws in North China, issued by the Special Military Mission, are of interest. The laws which provide for the complete throttling of the press, follow:

A. IMPORTANT STANDARD FOR PRESS CENSORSHIP.

1. What the press may or may not print has been strictly stated in the second part of the standards.
2. The Board of Press Censorship must send out notifications, whenever news may not be published.
3. Whenever a newspaper enterprise is not sure whether news may or may not be published, it must inquire from the Board and act strictly in accordance with the Board's reply.
4. News transpiring from broadcasting stations, telegrams of news agencies and foreign newspapers, taking a stand for Hankow may not be published.
5. The headlines on the second and on the third page have to be made up most carefully. If there should be objectionable words, they must be altered according to the regulation standards.
6. The Nanking soldiers have to be quoted as "Ning" soldiers (name for Nanking) or as "Tang" soldiers (Kuomin "Tang"—party).
7. Manchukuo and Chitung (East Hopei) may not be quoted as "puppet" state or be put into brackets; e.g., Japanese "Manchukuo" soldiers, etc.
8. Japanese may not be mentioned only by their surnames but in connection with their rank, either with their full name or only the surname.
9. The permission of the Board of Censors is required for the printing and selling of extras.
10. This first section and the second part must be kept secret; i.e., they may not be published in the press. The managers of the newspapers and news agencies will be held responsible for its being carried out.

B. RESTRICTIONS OF PRESS PUBLICATIONS AND OF ILLUSTRATIONS.

1. Restriction of items pertinent to the war:
   a. That the Japanese soldiers are going to fight as well as revealing their present and future plans.
   b. Details pertinent to the mobilization of Japanese units and military transports.
   c. Detailed Japanese plan of organization and the number of soldiers. The name of the headquarters and the number of the unit must not be published in print; the particular division, regiment, company, etc. must not be mentioned. Only the name of the leader of the particular unit may be quoted.
   d. Under no circumstances the quality and the names of Japanese military airplanes may be mentioned, such as scouting planes, pursuit (fighting) planes and bombers. Only that they are Japanese may be mentioned in the press.
   e. Japanese troop movements may not be mentioned.
   f. Adversities of Japanese soldiers may not be published in editorials and news.
   g. It may not be published that Japanese soldiers occupying a place are unable to preserve the peace.
   h. It may not be published that Chinese soldiers are victorious.
   i. It may not be published if Chinese airplanes bomb a place.
   j. Sufferings and defeats of Japanese soldiers or things connected with them may not be published.
   k. Finally, it may not be published if and when Japanese soldiers are going to fight.
2. Other items pertinent to the War.
   a. Emperors, their families, national heroes, heads of governments and their ministers of be friended nations may not be unjustly profaned and nothing disrespectful may be written about them.
   b. Opposition to Japan, rebellion against her and insults to her or other kinds of slandering may not be published in the press or in novels (particular care has to be taken with brief criticisms, advertisements, etc.)
   c. Foreign news telegrams may not be published, if no credit has been given to the Japanese.
   d. It may not be published that peace does not reign, according to wild rumours.
   e. Financial disturbances may not be mentioned in the press.
   f. It may not be published if attempts should be made to destroy the economic life by putting business men out of work and if workmen and students should go on strike.
   g. It may not be published if Japanese soldiers living in certain places pay less rent than was paid before, or if workmen receive lower wages, or if persons are dismissed, or if salaries are being reduced, or finally if it is feared that there will be scarcity of food.
   h. It may not be published, if the Peace Preservation Association should not be successful.
   i. Nothing may be published concerning the teaching of licentiousness, the reviling in depraved language, the acquiring of bad manners or the corruption of good ones.
   j. Nothing may be published concerning important persons from Chi-tung (East Hopei) and princes of the Mongolian banners, whatever they may do in Peiping and Tientsin.
   k. Nothing unfavorable may be published concerning Mohammedans.

C. ENCOURAGEMENT TO PUBLISH NEWSPAPER ARTICLES AND ILLUSTRATIONS ACCORDING TO THE FOLLOWING REGULATIONS (Efforts should be made to act along the lines of the following rules.)

1. That the Japanese soldiers fight for a very high ideal, by punishing and destroying Chinese opponents and the Communists. The Japanese want to create peace in the Far East, but decidedly they do not want to be hostile to the good Chinese people. All these points have to be understood clearly by the Chinese.
2. That the Japanese have come with a patriotic idea, because they are good friends of the Chinese people; that they have left Japan for the heat and cold of China without their wives and children; that they have to undergo fatigue and all kinds of hardships; that they have to march through the rain of bullets; that they throw their lives away without hesitation. That they do all this in order to make the Chinese people and future generations happier. That the Japanese exert themselves for the sake of liberty and that under no circumstances have the Japanese any other intentions. That, therefore, the Chinese people must co-operate with the Japanese army. If this sacred duty is fulfilled by our joint efforts, then we will set up the Far East for a hundred years to come.
   If the above suggestions should not be obeyed and if anybody should refuse to act accordingly, then he will be punished most severely. Under no circumstances will he be released or his punishment be postponed.
3. For the clear understanding of all people it should be explained that Japan, Manchukuo and China, representing the yellow race, are becoming friendly, and that the conditions are improving day by day. Hence, let us lay a good foundation for the Far East.
4. That the Nanking Government has to understand that it hes failed completely in the past and that it must admit this openly. In case it should not do so, then the Japanese would have to fight it.
   If the Chinese people should become afraid that the war might spread too far, then the press should not emphasize (publish too much) that the Japanese want to go to war.
5. If the Nanking soldiers are committing atrocities, then the press should describe them in detail, so that everybody may learn about them.
6. It should be explained in detail in the press that Chiang Kai-shek's family and the Kuomintang have abused their power for their personal benefit, that they have not administered their offices for the welfare of the 400 million people; and that Chiang wants to fight now because he has previously not done his duty.
7. It should be published that the Kuomintang and the Nanking Government have squeezed too much and that they have ruined the country and the people.
8. It should be made public in the press that the leading personalities of the Nanking Government have diverted much money and that they have used crooked methods.
9. It should be made public in the press that the Nanking army will soon be annihilated.
10. It should be published in the press that the coastal blockade impoverishes China.
    It should also be published:
11. That there is dissension among the troops of the Nanking Government and that enmity has broken out among hired soldiers, not Chiang's soldiers and the Nanking troops.
12. That the Nanking Government co-operates with the Communists and has made friends with Soviet Russia; that the Communists make trouble all over the world and that everybody despises them, but that Chiang has made good friends with them in order to turn the whole country Communistic. All these misdeeds of Chiang should be made public in the press;
13. That the fighting strength of the Chinese becomes smaller every day and that all the Chinese airplanes have been destroyed.
    It has to be elaborately explained:
14. That the Nanking soldiers have been repulsed wherever they fought, because formerly chiang spread false news;
15. That the Nanking Government has sold too many bonds and that it has taken up too many loans from abroad.
16. It has to be published in the press that the Japanese soldiers are good people and that they have pleasant manners, and that they like the Chinese.
17. It has to be explained in the press that the Nanking soldiers have no manners, that they are bad and disorderly. Everywhere the Chinese people dislike them, because the Nanking soldiers make much trouble and disturb the peace.
18. It should be published that the armament and the money of the Nanking armies are insufficient.
19. It should be published that the Nanking soldiers have had heavy losses.
20. It should be explained in detail that the conditions in Manchukuo are improving and that the people there are very happy.

Vice-Divisional Commander Killed at Mencheng

Putting up a stout resistance against overwhelming odds, Lieut.-General Chou Yuan, a Vice-Divisional Commander, directing the defence operations at Mengcheng, 58 miles north-west of Pengpu, in northern Anhwei, was killed in action May 9, before the city was occupied by the Japanese forces.

"Reformed Government" to Seek Foreign Recognition

In an interview with the press, Chen Lu, Minister of Foreign Affairs of the "Reformed Government," declared that the "Reformed Government" will notify the foreign Powers about its establishment. The "Reformed Government" will establish friendly relations with the foreign Powers, according to Foreign Minister Chen.

Making Farmers Out of Chinese Fishermen

How to make farmers out of fishermen is about the most thorny problem which the Japanese invasion has so far dumped into the lap of the Chinese authorities in Kwangtung, which has Canton as its proud metropolis.

Of the 32,000,000 people in Kwangtung, about 200,000 were fishermen, whose picturesque vessels used to dot the rugged horizon along the South China Sea coast. They were a happy and easily contented lot. On good days they put to the sea, while on others they stayed home to dry their hand-woven nets in the sunshine. Everything went on well with these simple fishing folk until the war broke out last summer near Peiping and Shanghai. Japanese warships came to blockade the Chinese coast. Finding no Chinese gunboats to attack, they vented their wrath on tiny Chinese fishing vessels off the Kwangtung coast.

With their guns booming and machine-gun clattering, the Japanese men-of-war soon created a reign of terror among the simple Chinese fishermen in Kwangtung. Hundreds of them lost their lives, say the Chinese, when their trim vessels were attacked and sunk by the Japanese. Many of these boats were destroyed within the territorial waters of Hongkong, a British colony, where the authorities were called upon to hold a Court of Inquiry.

The reason proffered by the Japanese naval authorities was that these Chinsse ships were all armed. Yes, they were armed but only with such weapons powerful enough to repulse pirates. Certainly they were not meant to fight the Japanese navy, the third largest in the world.

The net result of the atrocities of the Japanese navy is that the entire fishing population of Kwangtung, some 200,000 strong, could not fish any more. Having saved practically nothing, these from-hand-to-mouth fishermen had to depend on government relief. The provincial authorities at Canton, headed by the practical-minded Governor, General Wu Te-chen who was formerly the mayor of Shanghai, found it absolutely necessary to help these fishermen and their dependents. In the absence of a better plan, they have decided to make farmers out of them.

In Poloo on the East River, in Yingteh on the North River and in the lower reaches of the West River, some 30,000 *mow* of cultivable land are known to exist, which with labor and fertilizers can support a large quota of these victimized fishermen. The Kwangtung Provincial Bank has consented to set aside from $1,500,000 to $2,500,000 as loans to them. To make fishermen who were used to sea life, like *terra firma* is admittedly a difficult proposition. Most of them have been fishing along the Kwangtung coast for long years, with their fathers and grandfathers before them pursuing the same calling. But the Chinese authorities in Kwangtung are trying.

CHINESE RESISTANCE FORCES HEAVY WARTIME BUDGET FOR JAPAN

(*Continued from page 342*)

of peace. Military and naval appropriations already amount to 30% of the national income.

Although tax levies will increase the burden of national taxation by approximately two-thirds over 1936-37, Miss Farley shows that in the current year tax revenues "can hardly amount to more than 25% of national expenditures." Hence, she declares, "the entire cost of war must, in effect, be met by internal borrowing." From 1931 to June, 1937, the national bonded debt nearly doubled, but "bond issues so far authorized (since June, 1937) threaten to increase this figure by more than four fifths," states the writer. Total bond emissions authorized for 1937-38 amount to 3,394 million yen ($984,260,000) of which 2,429 million yen ($704,410,000) is to finance the war. For 1938-39, Miss Farley continues, "regular deficit bonds are expected to make a grand total of 5,100 million yen ($1,479,000,000) to be issued in the fiscal year." As a result of these huge flotations, the danger of inflationary consequences of government spending and borrowing grows steadily more serious, although so far there is little evidence of open inflation.

In addition to increasing its expenditures, the government has taken "a number of specific steps toward easing the money market," with a diversion of available funds "toward industries closely connected with the development of war potential." New capital invested in 1937, showed a gain of 79% over 1936. "It is noteworthy, however, that 53% of the total increase was in metals, mining, machinery, shipbuilding and chemicals, which gained over 1936 by 246%, 147%, 341%, 294% and 198% respectively." Thus, Miss Farley observes, "Japan's resources are more and more being diverted from productive to non-productive expenditure."

"At present, Miss Farley concludes, "though ordinary peacetime indicators of financial stability must be interpreted with caution in the presence of extraordinary wartime controls, the government appears to have the domestic situation fairly well in hand from the short-run viewpoint. In the long run, however, the effects of war-time expenditures upon the economic structure of the country are bound to be of the most serious significance for Japan's future. They load the government with debt; they create a great heavy industrial plant which can be maintained only with great difficulty, if at all, in time of peace; and they drive a final nail in the coffin of 'liberal capitalism'."

U.S. Big Naval Bill Passed

The Senate on May 13 passed the U.S.$1,156,546,000 Vinson Naval Expansion Bill and sent it to President Roosevelt for signing. It was believed that President Roosevelt would sign the bill immediately since he was known to be strongly in favor of a stronger navy. The passage of the bill was a foregone conclusion as a result of the recent compromise between opponents and supporters of the huge naval building program.

The bill, which provides for a 20 per cent increase in the United States naval building schedule, was approved May 10 by the House. The House adopted all amendments made by the Senate. One of the amendments in a declaration of a policy of non-aggression for the United States Navy.

"The fundamental naval policy of the United States," the amendment reads, "is to maintain a fleet adequate to defend both the Atlantic and Pacific coasts simultaneously and all America's insular possessions. It should be of sufficient strength to guarantee national security, but not for aggression." With the signing of the bill practically certain, the United States faces the greatest naval building program in its history in an effort to modernize and enlarge the present fleet to meet any competition which can be offered by any foreign power. The expansion bill was passed by both the House and Senate after it was decided to restrict the United States from taking the lead in the building of super dreadnaughts of 45,000 tons and thus revoking the London Naval Treaty escalator clause, however, they agreed to allow the President make the final decision, giving him the power to order the construction of the monster battleships provided he has information that another power was building the large-type vessels.

Italian Mission Sails for Home

Completing a two months' goodwill tour of Japan, Manchukuo and North China, the Italian mission led by Marquis Giacomo Paulucci sailed for Europe from Dairen May 14. In a farewell statement Marquis Paulucci expressed the mission's appreciation of the friendly sentiments manifested by the people of Japan. He paid tribute to the "organizing power, resources and vigorous moral power of Japan and the strong discipline and bravery of the Japanese Army and Navy." The mission arrived in Nagasaki on March 17. The s.s. *Hoten Maru* carrying their party to Europe were to stop in Shanghai en route.

Japan, Germany, Italy Relations Unchanged

There has been no change in the strong friendship among Japan, Germany and Italy, well-informed quarters close to the Japanese Government declared last week. Foreign press reports that Germany had notified China of her observance of strict neutrality in the Sino-Japanese conflict by changing her pro-Japanese attitude were described as having been circulated by "interested quarters motivated by a desire to cause disaffection among the Three Nations.

Hitler-Mussolini Talks

"Something more" than the mere conclusion of an alliance pact must have been effected by Premier Benito Mussolini and Chancellor Adolf Hitler in their Rome conferences, in the opinion of the Tokyo newspaper, *Asahi*. The journal attached special importance to Hitler's assurance that Germany will reciprocate Italy's friendship manifested toward Germany on the occasion of the Austro-German anschluss. "Britain, France and other Powers which fail to understand the new trend in international affairs," said the *Asahi*, "should pay due attention to the joint reaffirmation of solidarity of the Rome-Berlin axis, the existing community of political ideals and interests and the unshakable mutual trust so significantly enunciated by Mussolini and Hitler."

Radio Communication Started with Frisco

Communication with RCA and Mackay radio station in San Francisco were opened to the public by the former Chinese Government's Radio Administration May 14. Fees and Methods of Transmission will remain unchanged. Since Japanese occupation, the communication area of the Radio Administration has been greatly expended. World wide service now is provided by communication by way of Osaka. Communication with Manila, Hongkong, Dairen, Tientsin, Tsingtao, Nanking and Soochow also is available. Contact with Hangchow, will be resumed shortly. Communication with various places in North China is provided by way of Tientsin and Tsingtao; messages for Manchukuo are transmitted by way of Dairen.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th issue of The Review.

April 21.—Chinese send more troops into Lingyi area, southeast Shantung, to stem Japanese drive towards Hsuchow, Japanese main objective on Tientsin-Pukow Railway front for the past four months. Chinese troops concentrated in southern Shantung said to exceed 200,000.

Following 12 hours of desperate street fighting with Japanese troops, Chinese forces evacuated Lingyi city yesterday (April 20). Storming Lingyi on morning of April 19, the Japanese succeeded in making a breach in city wall near north gate. In the evening, Japanese detachment entered and occupied city after heavy street fighting.

Chinese forces now taking up positions to the west, south and east of Lingyi, about 5 or 6 kilometers away from the city; forming a line semi-circle in shape.

Menghsien and Chiyuan, important cities in northwestern Honan, on north bank of Yellow River, opposite Loyang, occupied by Chinese forces.

April 21.—Chinese Nationalist Socialist Party headed by Chang Chun-mai given official recognition by the Kuomintang in letters exchanged between Mr. Chang and General Chiang Kai-shek who is Tsung Tsai (General Executive) of the Kuomintang. Chinese political circles attach considerable significance to event, as it paves way for new era of political freedom in China. Chu Chia-hua, Secretary-Gengral of Central Kuomintang Headquarters, earnestly appealed to all public leaders, whether members of Kuomintang or not, to disregard personal and political interests and co-operate closely with each other in order to strengthen national resistance.

April 21.—Long-distance telephone service between Chungking, Szechwan, and Hankow, Hupeh, inaugurated April 20; also between, Chungking and Changsha (Hunan capital).

April 21.—National Government issued mandate (April 20), eulogizing Dr. Herman C. E. Liu, murdered President of University of Shanghai, and ordering erection of Monument on campus of University.

April 21.—Chinese who allegedly threw bomb near Yokohama Specie Bank on the Bund, Shanghai, arrested and detained by Japanese military authorities in Hongkew. The bomb allegedly was aimed at a car carrying Japanese naval officers, but failed to explode.

April 21.—Japanese troops garrisoning Soochow reported withdrawn and ordered to proceed to Nanking to fight Chinese guerillas in Nanking-Wuhu area.

April 21.—Extensive smuggling of Chinese copper coins from Shanghai for shipment to Japan for manufacture of munitions.

April 21.—Gen. Gen Sugiyama, Japanese War Minister, who returned (April 20) to Tokyo by plane after 10-day inspection trip of northern and central China fronts, reported have recommended "positive measures" to the Cabinet in dealing with the China war situation. One of the measures recommended was "annihilation" of Chiang Kai-shek regime.

April 21.—War pictures of the Chinese capture of Taierchwang, obscure southern Shantung town where Japanese were defeated, are soon to be shown on the screen; pictures were taken by Central Motion Picture Bureau, Hankow.

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April 22.—Japanese troops in Lingyi sector, southeastern Shantung, have formed junction with Japanese troops isolated at Yihsien and combined force is driving southward with recapture of Taierchwang as objective. Strength of Japanese forces believed to total 200,000 men, embracing 10 Divisions and 3 regiments. The Divisions are the 2nd, 5th, 6th, 7th, 8th, 10th, 13th, 14th, 101st and 105th. Chinese defence forces in Taierchwang area are under command of Gen. Sun Lien-chung and Tang En-po. Gen. Tang defended Nankow Pass last August. Heavy fighting now raging on Lingyi-Yihsien front believed to be prelude to major hostilities in near future.

To support Japanese drive on Hsuchow from the north, 10,000 Japanese troops are concentrated between Pengpu and Linghuakwan, southern sector of Tientsin-Pukow Railway; they are preparing for an offensive from the south.

Profiting by the depletion of Japanese garrisons for their present attack against Hsuchow, Chinese are making rapid inroads into areas formerly controlled by Japanese for considerable period. On southern Yangtse front, Chinese troops are attacking Hsuanchen, near Wuhu. In northwestern Honan on north bank of Yellow River, Chinese have occupied Chiyuan where main body of Japanese troops has been withdrawn.

April 22.—Tokyo newspapers reported that British, American and French Ambassadors would confer with Chinese authorities at Hankow at end of this month on the question of peace; British embassy officials at Shanghai declared that such reports were groundless, Sir Archibald Kerr, British Ambassador, denied reports.

April 22.—Spanish leaders (Republican) in various fields cable message of sympathy for China, expressing their solidarity with Chinese people, according to Havas message from Barcelona.

April 22.—Japanese Government pays sum of U.S. $2,214,-007.36 to American Embassy in Tokyo as indemnity for sinking of U. S. Gunboat Panay and Standard-Vacuum oil tankers on the Yangtsze River last December.

April 22.—Viscount K. Ishii, Japanese goodwill envoy to London, declared on return to Moji Britain "was not as friendly as expected."

April 22.—Chinese Government to float $500,000,000 National Defence Loan for purchase of war supplies on May 1. Annual interest at 6 per cent; redemption in 30 years.

April 22.—Reviewing his 10-day tour of North and Central China, Gen. Sugiyama, Japan's War Minister, told newspaper reporters that Nationalist China is "merrily rolling along the road to defeat."

April 22.—Chinese Students National Salvation Association presented (April 21) huge silk banner to Gen. Chiang Kai-shek.

April 22.—Many bookshops in Chungking, Szechuan, raided by gendarmes (April 21); all Communist publications seized and confiscated; raid believed result of discussions at recent Kuomintang National Congress at Hankow.

April 22.—Because of intensified and wide-spread Chinese guerilla activities, over 300,000 Chinese refugees reported to have arrived at Shanghai from various surrounding districts during past 2 weeks.

April 22.—Five Chinese, all natives of southern Hopei, executed April 21 at Tientsin by Japanese military authorities on charges of disturbing peace "in collusion with Kuomintang."

April 22.—Chungking, Szechuan, seriously hit by storm of unprecedented severity yesterday morning. Many houses destroyed, unknown number of lives lost, and seven planes at airfield reported wrecked.

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April 23.—New Japanese offensive in southern Shantung received serious setback, as Chinese forces are reported not only to have repulsed Japanese who were trying to recapture Taierchwang, but have turned back the Japanese line and are pressing northward in direction of Yihsien. Severe fighting proceeding at Likou, north of Taierchwang. One Chinese regimental commander killed in action.

Japanese, after capturing Lingyi, are attempting to move westward in three columns to threaten Chinese right flank at Taierchwang.

Gen. Chiang Kai-shek issued circular order to Chinese officers and men at the front to deliver decisive blow to Japanese Army.

War trophies taken from the Japanese following capture of Taierchwang arrive at Hankow.

April 23.—In addition to the $500,000,000 (Chinese currency) National Defence bonds to be issued on May 1, Chinese Government has decided to issue, on same day, 100,000,000 Customs Gold Unit bonds, £10,000,-000 bonds, and U.S.$50,000,000 bonds, all three to be known as "Gold Bonds." These bonds will be secured on surplus of salt revenue.

April 23.—More than $1,000,000 worth of narcotics, mostly raw opium, has been seized in Shanghai since beginning of this year, according to report in **The China Press**.

April 23.—Melvin Gibbon, American aviator, en route to the United States aboard the S.S. **Empress of Asia**, detained at Yokohama and subjected to rigorous grilling by police. Gibbon allegedly admitted that he had served with Chinese Air Force and had fought Japanese airmen.

April 23.—The right of William Hunt & Company, American concern, to take possession of properties of the China Merchants' Steam Navigation Company, Chinese concern, upheld by Judge Milton J. Helmick in decision in the United States Court for China; decision based on two reorganization contracts signed between the two firms two years ago, whereby properties of the China Merchants' have been hypothecated to William Hunt & Company as securities for loans advanced by the latter. That the deal between the two firms was concluded before the beginning of present Sino-Japanese hostilities was indicated by the contract signed on May 6, 1936. Judge Helmick's decision was handed down in reply to petition filed by the China Merchants' against William Hunt & Company, asking for injunction restraining latter from taking possession of various properties located in a number of outports, including those on Yangtsze River. The petition was denined.

April 23.—The "Reformed" Government of China at Nanking decides to "take over" Shanghai Maritime Customs offices early next month, according to **Domei** report from Tokyo. The status of Shanghai Customs has been a topic of discussion for sometime between the British Ambassador at Tokyo, Sir Robert Craigie, and the Japanese Foreign Office .

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April 24.—The Chinese and Japanese commands continue to rush further reinforcements to their respective sides on south Shantung front, where, according to Chinese military circles, the greatest battle hitherto fought in Sino-Japanese war is in progress. A seesaw struggle between Chinese and Japanese troops now raging near Taierchwang, where gunfire audible; Japanese claim capture of Tancheng, strategic city 60 kilometers south of Lingyi.
More than 100 Chinese either killed or drowned (April 23) when two Chinese passenger steamers were bombed and sunk by Japanese planes 15 miles northwest of Macao.

April 24.—Hankow official circles denied reports in Japanese newspapers that conference between Chinese authorities and British, American and French Ambassadors would shortly take place at Hankow on the question of peace between China and Japan.

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April 25.—Chinese claim important successes in Honan and Shansi, following transfer of large bodies of Japanese troops from their occupied areas in the two provinces to Tientsin-Pukow Railway front. With the exception of 2,000 Japanese troops at Fengchiu, opposite Kaifeng, the north bank of Yellow River in Honan has been cleared of Japanese. In Shansi one Japanese detachment reported wiped out by Chinese troops at Antseh, east of Hungtung, on Tung-Pu Railway.
Fall of Tancheng, important city in south Shantung, 12 miles north of Lunghai Railway, admitted in Hankow. Severe fighting raging south of Tancheng, where Chinese troops are holding up Japanese advance. Another Japanese column menacing Lung-Hai Railway is pushing on towards Pihsien, in Kiangsu.

April 25.—Chinese units are rapidly recovering lost ground in Shansi as result of withdrawal of Japanese garrison forces from that province to bolster Japanese drive on Hsuchow, foreign military observers in Shanghai believe. Military representatives of four different nations, interviewed by **The China Press**, anticipate stupendous struggle between Chinese and Japanese forces in Hsuchow area in next few weeks. They express surprise that the Japanese should abandon large areas in Shansi in view of strategic importance of the province.

April 25.—Nanking's "Reformed" Government refused to recognize validity of the transfer of the China Merchants' Steam Navigation Company's assets to William Hunt & Company, American concern.

April 25.—Melvin Gibbon, American aviator, still detained by Japanese police at Yokohama. Gibbon is alleged to have participated in Chinese air raid on Formosa on Feb. 23.

April 25.—Sun Fo, President of Legislative Yuan, expressed confidence that China will wear down Japan and eventually overcome Japanese armies. Any compromise plan would be unacceptable to China.

April 25.—Rivalry keen between Nanking's "Reformed" Government under Liang Hung-chih and Shanghai's "Great Way" Government under Soo Hsi-wen for control of revenues in Shanghai area. Soo stubbornly resists Nanking's attempt to absorb his Shanghai revenues.

April 25.—Shanghai Mainichi, local Japanese daily, admited intense Chinese guerilla activities in Lower Yangtze area. Bitter fighting reported along wide front from Wuhu to Hangchow.

April 25.—Twenty-four French fighting planes were recently delivered to Hankow from Indo-China, according to **Domei** report from Hongkong.

April 25.—Effective measures taken to improve first aid and hospitalization of Chinese wounded following visit of Madame Chiang Kai-shek to Hsuchow where she conferred with leading doctors of various mission hospitals.

April 25.—Jen Yuan-tao, Acting Minister of Pacification of Nanking regime, appointed concurrently "Mayor" of Nanking.

April 25.—Chinese forces commanded by Gen. Ma Chan-shan, of Nonni River battle fame, operating in west Suiyuan, reported converging on Kweihua, Suiyuan capital, according to report received at Hankow.

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April 26.—Japanese troops break through Chinese lines southeast of Yihsien and are menacing Chinese right wing at Taierchwang, southern Shantung. Severe fighting also in progress in vicinity of Tenghsien, on Tientsin-Pukow Railway, north of Lincheng.
Japanese troops operating in northern Kiangsu are pushing northward in two columns: one moving along Northern Kiangsu coast and another along southern section of Tientsin-Pukow Railway.

April 26.—Reports that Gen. Count Terauchi, Commander-in-Chief of Japanese troops in North China, has been superceded by a new Commander because of reverses suffered by Japanese troops in southern Shantung, denied at Peiping.

April 26.—Father Josephus Sontag, 39-old French Catholic priest, killed April 8 near Sinhsien, Hopei, according to information received by mission circles in Shanghai.

April 26.—Vice-Admiral K. Hasegawa, Commander-in-Chief of Japanese China Sea Fleet, transferred to new post in Japan, according to Japanese report. Three other high naval officials in Shanghai also ordered to new stations in Japan.

April 26.—Gen. Wang Tsang-hsu, Commander of 44th Army, appointed acting Chairman of Szechwan. Gen. Chang Chun, who was appointed Chairman of the province, has decided not to take up the post.

April 26.—Chinese mobile units operating along Nanking-Wuhu Railway reported approaching outskirts of Nanking.

April 26.—About half of China's universities have been systematically destroyed by the Japanese during present Sino-Japanese hostilities, declared Quo Tai-chi, China's Ambassador to London.

April 26.—Following protracted negotiations, tentative agreement said to have been reached between the Nanking "Reformed Government' and Shanghai "Great Way Government," whereby the latter is to be reorganized into the "Shanghai Special Municipal Administration' under Nanking; "Mayor" Soo Hsi-wen re-named "Chief" of the reorganized administration. Question of division of Shanghai's revenue between them remains unsettled.

World Record Broken by Japanese Plane

Breaking the world long distance flying record by covering 11,600 kilometers in 62 hours and 23 minutes, the Japanese monoplane, "Wings of the Century," landed on the night of May 15 at the airdrome near Tokyo. Great crowds at the field cheered themselves hoarse as Pilot Major Yuzo Fujita and his crew of two men stepped from the plane. The big plane completed 29 laps of a 400-kilometer triangular course since its take-off on the morning of May 13. Its feat broke the endurance mark set by the French ace, Maurice Rossi.

It covered 10,800 kilometers at an average cruising speed of 180 kilometers an hour, compared to the Frenchman's average of 149.853. The 25th lap was completed at 10.42 a.m. May 15 when the 10,000 kilometer mark was passed. At 3 o'clock in the afternoon the plane had passed the 10,800-kilometer mark and was 200 kilometers ahead of the world record. The 26th and 27th laps were made in two hours, 12 minutes each.

Plane Plant Planned in Manchukuo

Manchukuo soon will have its own airplane manufacturing plant when the airplane department of the Manchuria Air Transport Company becomes independent under the name of the Manchuria Airplane Manufacturing Company, Ltd. Plans have been completed for establishing the company as a subsidiary of the Manchuria Heavy Industry Company; negotiations were carried on between executives of the Manchuria concerns. The Manchuria Heavy Industry Company will subscribe a large amount of the capital of the new firm, which will be organized this month. It will be capitalized at Yen 20,000,000. Gisuke Aikawa, president of the Manchuria Heavy Industry Company, will head the new concern.

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Hsiakuan	*Pucheng*	Pengpu	*Loyang*	HANKOW
HANGCHOW	*Santu*	Wuhu	Sian	*Wuchang*
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Japanese Attempts Here to Control Court Watched

TENSION at the First Special District Court on North Chekiang Road relaxed considerably late this week as the first flurry of excitement passed, following the visit to the tribunal of four Japanese Monday and the circulation of rumors to the effect that the "Reformed Government" in Nanking was planning to take over the judicial organ. All was quiet in court Tuesday morning, various department functioning as usual. Reduced details of Seaforths and S.M.P. guarded the premises. The iron grill gate remained closed, admitting only those who have reason to enter the compound. Similar precautions were being taken at the civil section of the court and the 2nd Branch Kiangsu High Court on Weihaiwei Road.

On Monday, however, the scene was somewhat different. Here's what happened:

As a special precaution, Settlement police posted extra guards both inside and outside the court house. The main gate of the tribunal, located on North Chekiang Road, was closed. At this entrance, a sentry of the Seaforth Highlanders detachment now billeted in the court house stood guard together with Settlement police and the judicial police attached to the court. Those entering the court compound were required to produce evidence justifying their presence before they were allowed to proceed inside the gate. Inside the court compound a detachment of Seaforth Highlanders were on hand, evidently in readiness to reinforce the police guards in the event that there was any untoward incident. Barb-wire barricades, it was noticed, had been newly erected at all strategic points leading to the court house as an extra precautionary measure.

Meantime, as the visit of the Japanese party was in progress, a detachment of the United States Marine Corps was sent to the Weihaiwei Road premises of the First Special District Court where the civil branch of the tribunal is now functioning. The party of Marines stayed in the court compound until noon. The Nipponese officials, however, did not visit the Weihaiwei, Road Branch.

Puppet Control Seen

Chinese sources reported that the Japanese-sponsored regime at Nanking is making plans to appoint a new president for the court. The administration, the reports added, of the judicial organ will remain the same under the same staff, according to the Nanking plans. Ling Chi-hung, a local lawyer, is named as the likely choice of the "Reformed Government" for the post. Eventual assumption of control over the Settlement Courts by the "Reformed Government" of China was foreseen Tuesday by a Japanese Embassy spokesman who described such action as "natural."

"While this is a matter for the Chinese authorities and not for the Japanese to decide, I understand that the 'Reformed Government' is studying the question. I have not yet heard that they had decided to take over the courts," he said. The assumption of control, the spokesman added, would be done "peacefully."

"So long as the 'Reformed Government' should operate the courts under the terms of the rendition agreement, there should be no objection to the assumption of control over the courts by the Nanking authorities," he went on. "The rendition agreement was concluded between a Chinese government and the Powers concerned. Now, a new Chinese government has been formed and intends to succeed to the rights and obligations of the former administration with regard to the matter." Asked whether or not such a step could only be subsequent to the recognition of the "Reformed Government" by the Powers, the spokesman said: "In amy personl opinion, the British as well as other Powers have lately tended to take a realistic view of the situation."

Powers Opposition Forecast

Opinions obtained from local foreign sources here this week indicated that the Powers who are parties to the Court Rendition Agreement of 1937 and 1930 are not likely to tolerate the forceful seizure of the Chinese tribunal. It was stated that any such attempt would be looked upon as a serious breach of the international agreements which were instrumental in setting up the Settlement court for the Chinese. Officials of the Shanghai Municipal Council as well as members of the Consular Body are understood to be closely watching the development in the court issue here. The functioning of a competent and legally-recognkzed Chinese court is viewed as being essential in the maintenance of peace and order in the International Settlement.

The court issue has been under exhaustive study by the council for the past six months, in hopes of laying plans to block any attempt by the Japanese, through the "Ta Tao" government or the Nanking Puppets, to take over the tribunal here. Showing Japan's strong determination to control the court, reliable sources report that a Japanese official of the embassy in Shanghai who strongly opposed any such measure, has been recalled to Japan and is not returning. However, Settlement authorities, it is learned, have a plan of action should the Japanese attempt to seize the court. The court's president has been asked to shift the court south of Soochow Creek, in the American defense sector where attempts would be made to operate under police protection.

Another means considered by which to thwart Japanese control is to refuse recognition to any tribunal set up by any puppet regime. No prisoners would be taken to any "puppet court." Those arrested on minor charges, such as violation of police regulations, would be fined at police stations, the money to be placed in a special account earmarked for future presentation to the National Government. The Ward Road jail would hold those arrested for more serious crimes, hearing for them postponed until the appearance of a National Government court.

Japanese Eye Fines

One of the major reasons, outside of political, for Japan's desire to seize the court are the annual fines which amount to nearly $300,000.

A certain group of opinion within the council advocate the setting up of a court by the Consular Body, similar to the one organized in 1911 when no court was functioning. Such a plan, however, finds opposition on the grounds that it would virtually "mean a slap on the face to the National Government."

The First Special District Court in Shanghai is set up by international agreement of which Japan is not a signatory. This fact has aroused the fear of council officials that Japan may repudiate the agreement whenever she chooses, and accord recognition to the new court which the puppet regime hopes to set up.

Leaders of Customs Revolt Are Ordered to South China

Eleven Chinese officials of the Shanghai Customs, declared to be leaders of the recent agitation against the appointment of the superintendent of the customs by the "Reformed Government" and against the Anglo-Japanese customs accord giving the Japanese control of the revenue, were transferred to posts in the south on May 14. One of them was appointed to work in Pakhoi, the southern Kwangtung post. Transfer of the alleged leaders is expected to check further agitation among the Chinese employees of the Customs which have already culminated in the arrest of two officers, one of whom promptly released after one-day detention.

Puppet Reach Customs Accord

Arrangements on the disposal of Customs and tax revenues have been made between the leaders of the "Provisional" and the "Reformed Governments," it was reported in Peiping May 14. It was gareed according to the report, that the Customs offices in Tientsin and Shanghai will contribute a certain sum monthly towards the servicing of foreign loans secured on Customs revenues. This arrangement has been provided for under the terms of an agreement reached in Tokyo between Sir Robert L. Craigie, British Ambassador, and the Japanese Government. The residue will be divided between the "Peiping and Nanking Governments" for their administrative expenses.

The revenues derived from the Salt Tax will be used to defray miscellaneous expenses of the two regimes. As to the Consolidated Tax, the Chinese leaders were said to have agreed that the revenue derived from taxes on goods produced under the jurisdiction of one government and consumed in area controlled by the other would also be equally divided between the two regimes.

Admiral Shen Reported Fleeing with Bankroll

Carrying with him a large bankroll, Admiral Shen Hung-lieh, former Mayor of Tsingtao, fled to Honan Province just before the capture of Tsaochow by Japanese troops on May 14, according to unconfirmed reports reaching Tsinan. The money, consisting of notes of the Min Sheng Bank, was said to have once belonged to Gen. Han Fu-chu. Admiral Shen had been stationed in Tsaochow, southwestern Shantung town, as head of the Shantung Provincial Government, following his flight from Tsingtao, *Domei* reported.

MILLION DOLLARS NEEDED FOR SHANGHAI RELIEF WORK

(*Continued from page 339*)

of war refugees in Anhwei. General Lung Yun, Chairman of the Yunnan Provincial Government, has granted $5,000 (Yunnan currency) each to the families of the late Brigadier Commander Chen Chung-shuz Regimental Commanders Tung Wen, Wang Chia-hsun, Mo Chao-hengz and Battalion Commander Yin Hua, of the 60th (Yunnan) Army, who were killed in action at the front. The money is to be used for the education of the children of the deceased.

In order to increase agricultural production during the campaign of resistance, the Ministry of Economics has decided to establish collective farms in the south-western provinces. Representatives of the Agricultural Credit Bureau (*Nung Pen Chu*), under the Ministry of Economics, have already been despatched to Kwangtung and Szechuan to conduct the necessary investigations.

In Kwangtung, it is learned, the collective farms will be established at Poklohsien, north-west of Waichow along the East River in southern Kwangtung. Able-bodied war refugees will be despatched to the district to cultivate the collective farms, which are expected will contribute materially to solving the problem of food supplies during the campaign of resistance. It is understood that collective farms will also be established in the other southwestrrn provinces, including Kwangsi, Kweichow, and Yunnan.

Chinese Government Mandates

The following mandates were issued by the National Government of China May 13:

(Dr.) Chiang Ting-fu, being appointed to another post, is hereby relieved of his duties as ambassador Plenipotentiary to the Union of Soviet Socialist Republics.

(General) Yang Chieh is hereby specially appointed Ambassador Plenipotentiary of the Republic of China to the Union of Soviet Socialist Republics.

(Dr.) Chiang Ting-fu is hereby appointed Director of the Political affairs Department of the Executive Yuan.

(General) Ku Chu-tung, Chairman of the Kiangsu Provincial Government, being absent on an official mission (directing the campaign of resistance against the Japanese on a certain front), (Lieut.-General) Han Te-chin, Provincial Commissioner of Civil Affairs of the said Provincial Government, is hereby appointed acting Chairman.

Chang Chen-wu, Special Administrative Commissioner and concurrently Peace Preservation Commander for the 1st Area of Kansu; and Hu Kung-mien, Special Administrative Commissioner and concurrently Peace Preservation Commander for the 2nd Area of Kansu; having been appointed to other posts, are hereby relieved of their respective duties.

Hu Kung-mien is hereby appointed Special Administrative Commissioner for the 1st Area of Kansu; Chang Chen-wu is hereby appointed Special Administrative Commissioner for the 2nd Area of Kansu.

Hu Kung-mien is hereby appointed concurrently Peace Preservation Commander for the 1st Area of Kansu; Chang Chen-wu is hereby appointed concurrently Peace Preservation Commander for the 2nd Area of Kansu.

In order to enhance administrative efficiency during the campaign of resistance, the Central Political Committee *(Chung-Yang Cheng-Chih Wei-Yuan-Hui)* has announced a reorganization of its various technical committees. The Technical Committees on Interior affairs, Land Affairs, and Communications are abolished. The remaining five Technical Committees on Legislation, Finance, Economics, Education and Foreign Affairs are reorganized; their new Chairmen and Vice-Chairmen are announced as follows:—

Technical Committee on Legislation *(Fa-Chih Chan-Men-Wei-Yuan-Hui)*: Chairman, Dr. Wang Shih-chieh; Vice-Chairman, Mr. Kan Nai-kwang.

Technical Committee on Finance *(Tsai-Cheng Chan-Men-Wei-Yuan-Hui)*: Chairman, Mr. Hsu Kan; Vice-Chairman, Mr. Peng Hsuen-pei.

Technical Committee on Economics *(Ching-Chi Chan-Men-Wei-Yuan-Hui)*: Chairman, Mr. Chen Kung-po; Vice-Chairman, Mr. Hsiao Cheng.

Technical Committee on Education *(Chiao-Yu Chan-Men-Yuan-Hui)*: Chairman, Mr. Shao Li-tzu; Vice-Chairman, Mr. Tuan Hsi-peng.

Technical Committee on Foreign Affairs *(Wai-Chiao Chan-Men-Wei-Yuan-Hui)*: Chairman, Dr. Wang Chung-hui; Vice-Chairman, Mr. Chou Keng-sheng.

Chinese Hospital Planes Assembled

Three more of the six Dehavilland-89 twin-motored British planes bought by the Chinese Army for use as "hospital planes" are being assmebled at the Kaitak airdrome in Hongkong, *Domei* reports. The six craft are the first machines permitted to be assembled and flown from Hongkong. Two of the first trio which took off at Kaitak several weeks ago crashed when they were landed by inexperienced Chinese pilots, *Domei* said. The third was shot down by Chinese anti-aircraft fire because its colors were not the same as those of other Chinese ambulance ships. The craft carry four stretchers and a useful load of 2,000 pounds.

Nishio Gets High Army Post in Tokyo

Lieut.-Gen. Toshizo Nishio, whose appointment as Inspector-General of Military Education was gazetted May 11, arrived in Tokyo May 12 from North China. The officer immediately proceeded to the Palace, where he submitted to Emperor Hirohito a detailed report on the military developments north of the Lunghai Railway. Once Chief of Staff of the Kwantung Army and later Assistant Chief of General Staff, Lieut.-Gen. Nishio now becomes one of the three leading active officers in the Japanese Army. Together with Gen. Gen Sugiyama, War Minister, and Lieut.-Gen. Hayao Tada, Assistant Chief of Staff, Lieut.-Gen. Nishio will play a leading role in guiding the Army.

Japan Shows Adverse Trade Balance

Japan's adverse trade balance during the first 10 days of May was Yen 10,550,000. Total trade with foreign countries during the 10 days amounted to Yen 147,808,000. Exports totalled Yen 68,628,000 while imports were valued at Yen 79,178,000. The value of trade goods since January was given as Yen 1,936,200,200. Exports amounted to Yen 906,508,000 and the value of imports was Yen 1,029,693,000. The adverse balance since January is Yen 123,185,000.

Commits Suicide Rather Than Give Japanese Eggs and Women

Refusing to co-operate with the Japanese, Ting Shu-chiao, aged civil leader in Tsaohsien, committed suicide by hanging himself recently. Before his death, the Japanese demanded Ting to offer to the Japanese military authorities 5,000 eggs, four women and 500 able-bodied men to repair roads. The Japanese threatened to kill him if he failed to comply with the demands in three days. Instead of offering the Japanese the eggs and women, Ting chose to die by his own hand.

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Attack on Wilkinson Is Considered Outrage

A formal protest to the Japanese consular authorities in Shanghai as well as representations to the Japanese government at Tokyo this week were made by the British authorities in connection with the assault committed against E. S. Wilkinson, prominent British businessman and one of the leading naturalists in China. Wilkinson was assaulted May 13, in the morning while walking in the fields north of Hungjao Road and near the railway line. Besides being stabbed in the back with a bayonet, he was shoved around, struck in the eye and kicked on the shins. In addition to the representations made by the British authorities, the British community held a meeting at which the Wilkinson case and other matters were considered.

The incident is being regarded in local British officialdom as well as among the members of the foreign community as one of the most serious since the beginning of hostilities last autumn. In the case of Wilkinson and his detention, there was no question of misunderstanding between the Japanese and the naturalist since the latter knows enough of the Japanese language to carry on a simple conversation. Nor was there any resistance against his being detained on the part of Wilkinson, according to his report of the case filed with the British consular authorities. According to this report, he was walking in the fields engaged in observing the movements of birds when he heard some Japanese shouting. Thinking that they were shouting at some Chinese, who were also in the area, he at first paid no attention. As the shouting increased in volume, he realized that they were calling at him whereupon he stopped. Three or four sentries approached and ordered him to accompany them.

Wilkinson went along peacefully but upon passing the home of F. C. Millington, he left the soldiers, telling them to wait, and walked into the yard, ringing the bell at the door. His idea, it was explained, was to use Millington's telephone. Millington came to the door, saw what was happening and asked if he could be of assistance. Bayonets, however, were levelled at Wilkinson and he was pulled away. In Japanese, he told the sentries that he would come along without resistance and did so.

He was led to the Japanese military outpost on Hungjao Road near the railroad crossing and it was here that the assault against the naturalist is alleged to have taken place. Wilkinson was first detained about 7 a.m. and was not released until almost 6 p.m., having been held 11 hours. Despite this fact, the Japanese spokesman announced the release at 5 p.m. During his detention, he was in the Japanese army depot on Lincoln Avenue, where a Japanese surgeon stitched his wound; he was at Japanese military police headquarters on Jessfield Road and was at the Hongkew Headquarters.

It was at the Lincoln Avenue Depot that Major General Telfer-Smollett, commanding the British troops in Shanghai, put in his appearance in connection with the incident, but was not permitted to see Wilkinson. The general had called to inform the Japanese that the detained man was a prominent British citizen and to give his personal assurances that the naturalist was only engaged in the innocent pastime of observing birds. Nevertheless, the general was not permitted to see Wilkinson, nor was he informed of the assault against the naturalist. Wilkinson, although his wound is not considered serious, is still under medical care at his home on Route de Boissezon.

The *Shanghai Evening Post and Mercury* reported in its news columns that "This is considered here as perhaps the most glaring and inexcusable outrage that has been perpetrated upon a British subject since the termination of local hostilities. The climax is said to have come with the suppression of the facts regarding the incident by the Japanese censors at the cable office."

Idolatry Now Discouraged

The Provincial Government of Szechuen have accomplished with an order what the Christian Church has been trying to do in more than a century in west China. On recommendation of Special Administrator Tsen Pan of the Third Circuit, inhabitants within the area have been told not to follow up the annual worship of the spirits of Paotingshan and idols of the Buddhist and other temples there. The reasons for the order has been that unnecessary gatherings would create local disturbance and enable certain elements to cause disorder.

Modern Sugar Mills to Be Employed at Neikiang

Under the advice of Ho Peh-heng, commissioner of Reconstruction of Szechuen, a committee has been appointed to raise a capital of $3,000,000 to organize a company which would put up a modern sugar mill in Neikiang, one of the sugar-cane producing districts of this province. Sugar in Szechuen is still unable to compete with the imported in quality due largely in the absence of milling methods, while the cane itself had to be much improved. Since the Sino-Japanese conflict which has made the use of Shanghai as an import and export center impossible, there has been much stimulus in native industry, including the sugar for which Szechuen is well-known.

Division of Development Funds Perplexing Japanese

It was decided recently in Tokyo that the industrial development scheme in North China be conducted in parallel with the economic plans in Japan and Manchukuo, the *Nichi-Nichi* reports. Under the circumstances, the division of the industrial development funds to be distributed by Japan between Manchukuo and North China has become an important issue. Whether greater emphasis should be placed upon the industrial development in North China or the development of Manchukuo consittutes a serious issue, which will place a fundamental restriction upon the future development activities of the two.

The supreme administrative organ of Japan in North China in this connection has decided that the first importance should be given to Manchukuo from the standpoint of the Japanese continental policy, and that Manchukuo should dominate in Japan's distribution of industrial funds. Thus, the original policy of placing the fund supply to Manchukuo and North China through a unified and single channel has been completely denied. The yield of the revenue and profit from the investments are apparently quicker in North China than in Manchukuo. In this situation, there is a tendency of a larger portion of Japanese private capitals being invested North in China than in Manchukuo if things are left alone as they are. In this connection, the supreme Japanese authorities in North China take the view that a certain Government restriction is necessary. They hold that the economic development of North China has a supplementary significance to the economic and industrial development of Japan and Manchukuo, that the progress of development activities in North China will never lessen the economic importance of Manchukuo in the least, and that the economic relations among Japan, Manchukuo and North China should be based upon this pivotal point.

Other developments in the Japanese financial situation are:

The Ministry of Finance decided to advance the purchasing price of gold by 8 sen to Yen 3.85 per 1 gram, effective as from May 2, in view of the soaring trend of the international gold quotations. Resultantly the domestic gold market quotations soared on April 30. The city price advanced by 30 sen to Yen 14.60 per 1 gram for selling and 25 sen to Yen 14.40 (higher grade) for purchasing and to Yen 14.30 (lower grade) also for purchasing.

Prohibit Export of Japanese Notes from Tientsin

As notes issued by the "Federal Reserve Bank" of the puppet regime in North China are not accepted in Shanghai, large sums of Japanese Yen have been sent here instead. The usual practice is to exchange the notes of the "Federal Reserve Bank" into Japanese yen and bring the Japanese money to Shanghai. In Shanghai, these Japanese notes are exchanged once again for legal tender note which is reported to have become actually a very profitable business because of the existing rate of exchanges. In order to stop this practice, the Japanese authorities in North China has prohibited the export of Japanese notes from Tientsin and travellers are allowed to bring with them a maximum of Yen 500.

Bank of Taiwan Opens in Soochow

The Japanese Bank of Taiwan orgnaized a branch office in Soochow on May 3, according to Japanese reports. Military notes used by the Japanese troops in Kiangsu and Chekiang will be cashed by this bank, which handles also savings deposits and money remittances.

Recognition of Manchoukuo by Poland Forecast

The Polish Government has intimated its intention to extend early recognition of Manchukuo and conclude a commercial treaty with the new State, *Domei* was informed by sources close to the Tokyo Foreign Office. Informal negotiations were reported to have been started through Shuichi Sakoh, Japanese Minister to Poland, recently. There were indications that the Polish Government is making haste to establish regular trade relations with Manchukuo by arranging to establish Consulates in Manchukuo and requesting the latter country to do the same in Poland.

German-Manchukuo Treaty Planned

Negotiations reportedly are under way between the Manchukuo and German Governments for the conclusion of a treaty of amity. The State Council has completed drafts of notes on the subject which will be submitted to the Privy Council.

Japanese "Save" Ship from Soviet Patrol

Japanese destroyers on May 15 "successfully saved" a Japanese fishing vessel from seizure by a Soviet patrol cutter authorities of the Chinkai Naval Base in Korea announced. The vessel involved in the incident was according to the announcement, the 50-ton sloop Akashi Maru. The ship was stopped by the Soviet cutter at a point 10 miles off the Soviet Maritime Province, outside of the Russian territorial waters, the announcement asserted. Boarding the Akashi Maru, Soviet officers and men, according to the statement, confined the Japanese crew to their cabins and attempted to tow the ship shore-ward. When a Japanese destroyer hove in sight, this attempt was abandoned, the announcement alleged. The Akashi Maru reached northern Korea, under the escort of destroyers, on Sunday night.

Who's Who in China

張 忠 道
Chang Chung-tao

Chang Chung-tao, Government official; born in Anhwei, 1895; studied in the Imperial University of Tokyo; Doctor of Law, Universitry of Paris; 1929; Professor, National Central University, Nanking, 1929-30; Director, Bureau of Social Affairs of Nanking Municipal Government, 1930-31; Director, Bureau of Education of Nanking Municipal Government, 1931-32; Counsellor, Ministry of Education, 1931-32; President, Shanghai College of Law and Political Science, 1932-34; Counsellor, Examination Yuan, 1932-37; now member, Examination and Selection Committee and member, Board of Directors for Chinese Students Studying Abroad; author of "The Unequal Treaties of China and the Attitude of the Powers"—Les Traites Inegaux de la Chine et L'Attitude des Puissances, and, "The New China"—La China Maunelle; address: Examination Yuan, National Government, Chungking.

China-Japan Travel Booms

A China travel boom accompanying the hostilities is setting records and bringing prosperity to Japanese shipping companies.

Every steamer bound from Japan for China is carrying a capacity load of passengers and cargo. The Kinkai Yusen Kaisha estimates that a total of 35,000 passengers will be taken to China on its vessels during 1939; this would be an increase of 27,000 compared with a normal year. About 1,500 passengers are going to China every month, the company officials said. To meet the demand for travel facilities the K.Y.K. put the s.s. Chikuzen Maru on the Tientsin-Japan run on April 14, and provided more accommodations on the s.s. Nanrei Maru and the s.s. Hokurei Maru. The Chikuzen Maru is a new 2,800-ton vessel. About 3,000 passengers are being carried each month to Shanghai on the rapid express vessels of the N.Y.K.

Counting the passengers taken to Shanghai by European liners, the total number of travelers entering that port in a month was estimated at about 5,000. With further progress being made in the economic development of North China the number of travelers to that area will be greatly increased, an official of the N.Y.K. said. Anticipating improvements in harbor facilities, the N.Y.K. has decided to place ships of more than 10,000 tonnage on the Japan-Tsingtao run. Similar reports of heavy travel were made by officials of the O.S.K. Every vessel bound for Dairen is jammed with passengers, they stated. The majority of Japanese traveling to North China go by way of Dairen. If the heavy travel continues in the future the O.S.K. will be obliged to change its present schedule to provide more accommodations for passengers and cargoes, officials said.

Shipbuilding Contracts Being Cancelled

Due to the aggravated depression situation in the shipping industry, general steamship companies, with the exception of the N. Y. K., the O. S. K. and a few others being subsidized by the Government, are steadily taking steps to cancel shipbuilding contracts with the shipbuilders the *Yomiuri Shimbun* reports. Some of the shipping companies have been going as far as breaking contracts with the shipbuilding companies. A 2,800-ton steamship, now under construction at the Sennan Industrial Company by order of a certain steamship company, has been transferred to the Yamashita Steamship Company because of the of the breaking of the contract by that company. The Kirishima Maru, a 6,500-ton vessel under construction at the Yokohama Dockyard of the Mitsubishi Heavy Industries, Ltd., for the Yamashita Steamship Company, was scheduled to be launched May 13.

Formosans Get Prison Terms

Four leaders of a group of Formosan war rumor mongers were sentenced to hard labor in prison for terms ranging from 12 to 18 months, according to a message from Taihoku which announced the lifting of a press ban in the case. Last September 22 Formosans were indicted for fabricating sensational rumors in connection with the China incident and plotting to rob rich families in the Shinso district near Taihoku. The others in the plot were released.

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Men and Events

Vice-Admiral Sir Percy Noble, Commander-in-Chief of British Naval forces, visited Nanking last week in the course of an inspection trip along the Yangtsze.

The Shanghai Horticultural Society, which is now in its 63rd year, held its annual flower show in the Masonic Hall, 1623 Avenue Road on Sunday, May 15.

The annual dinner and business meeting of Community Church of Shanghai, was held in the Church auditorium on the evening of Wednesday, May 18.

W. R. Mowll, Far Eastern Manager of *Reuters* commercial service, departed this week for London on leave. He traveled by Empress of Russia and will stop over in New York.

Mrs. Lung, whose husband is Chinese Naval Attache in London, and their daughter, were presented in Court in London on May 12 by Mrs. Quo Tai-chi, wife of the Chinese Ambassador.

Suemasa Okamoto, former Consul-General at Shanghai, but recently connected with the Foreign Office, departed on May 14 for London where he will serve as Counsellor of Embassy.

Mrs. Edna Lee Booker-Potter, departed this week for Hankow, traveling by way of Hongkong. Mrs. Potter is writing a series of articles of *Cosmopolitan* and in addition is the author of a new book which is shortly to be published.

A son was born to Mr. and Mrs. Harris G. Nelson at the Women's Hospital, 105 Great Western Road, on May 9. Mr. Nelson is associate with Dr. George Sellett in law practice in Shanghai.

A report that the body of Miss Wang Meng-chi, of Peiping, had been found in Tientsin, was learned to be incorrect. Miss Wang, a well known Chinese woman lawyer, disappeared several months ago and it was suspected she had been murdered.

Miss Edith P. Sparling, member of the United Church of Canada mission at Tzeluitsing, Szechuen, who was suffering from an attack of typhus, is recovering according to a *Reuter* report from Chungking on May 9. Miss Sparling has resided in China 29 years.

Major Chiaki Nagano and five surgeons, who arrived in Shanghai last week, are now busy examining 498 local Japanese youths who are subject to conscription in the Japanese Army. The number examined this year is more than double the number examined here last year.

A delegation of students from Europe representing the World Students' Federation, arrived in Hongkong on May 13 and proceeded to Hankow by airplane. According to *Kuomin* the object of the trip was to encourage the Chinese officers and soldiers at the front.

Chou Yi-chun, Vice-Minister of Economics, in an address before graduates of Tsinghua University at Chungking, Szechuen, on May 7 appealed for funds to establish a temporary Tsinghua Middle School at Kweiyang Kweichow province. Mr. Chou formerly was president of Tsinghua and also of Yenching.

Akiyoshi Tajiri, First Secretary of the Japanese Embassy in Shanghai, was host at a cocktail party at the Metropole Hotel on Saturday, May 14, in honor of Nagao Kita, newly appointed head of the information bureau of the local Japanese Consulate-General. Guests included foreign diplomatic officials and newspapermen.

The Shanghai American Chamber of Commerce has announced plans for the observance of National Foreign Trade Week, May 22 to 28. A special foreign trade dinner has been scheduled for May 27. The announcement issued by the Chamber stated that Foreign Trade Week would be observed "in spite of conditions or even because of them."

The Chinese newspaper *Yungpao*, published by Japanese in Tientsin, was bombed for the third time on May 6 when an explosive was thrown into the hallway between the editorial offices and the printing shop. The office of the paper is in the French Concession. The police were unable to find the person who threw the bomb.

Citizens of De Land, Florida, have started a movement to raise a memorial fund in honor of a former Chinese resident of the district named Lue Gim Gong, who distinguished himself as a pomologist. Among the fruits which Lue Gim Gong perfected, through cross-pollenization, were apples, cherry-currants, peaches and others, including a special brand of orange, and grape, and a grapefruit which is able to stand 10 degrees more of frost than other varieties. He died in 1925 in destitute circumstances.

The Chinese Women's Club, at its annual meeting at the Park Hotel considered a proposal to raise $3,000 for vocational training of refugees concentrated on the campus of Ginling College, Nanking. Reported that more than 1,000 refugees are living on the campus at the present time. The Club also voted to contribute $200 monthly to the Chinese medical clinic for assistance to expectant mothers. Mrs. Alfred Lee spoke on relief activities of Chinese groups in the United States. The following officers were elected, Mrs. John Y. Lee, chairman; Mrs. T. C. Ling, first chairman; Mrs. Fabian Chow, second chairman; Mrs. Chauncey K. Wu, corresponding secretary; Mrs. Percy Kwok, recording secretary; Mrs. Edward Hsu, secretary; Mrs. L. Cheng, treasurer; Miss Ada Lum, publicity director; Mrs. I. K. Wong, project committee; Mrs. K. B. Chun, free school committee, and Mesdames K. I. Liang and Lawrence Tsang, social committee.

Cedric Charles Reid Shekury, son of Mrs. Bery Johnson and the late G. H. I. Shekury, was married on May 7 to Miss Olga Anna Jenssen, daughter of Mr. and Mrs. Oluf Jenssen. The wedding was held at the British Consulate-General before A. G. N. Ogden and was followed by a reception at the Metropole Hotel. Mr. Shekury is connected with Bills Motors.

A report through *Havas* from Berlin on May 11 said that Chiang Wei-kuo, younger son of Gen. Chiang Kai-shek, who is studying at a military school in Germany, took part in the German march on Austria as an ordinary private in the German army. The report stated that young Chiang "showed a remarkable capacity for endurance."

Bishop Logan H. Roots of the Methodist Episcopal Church, accompanied by his daughter Miss Frances Roots, departed from Shanghai last week for the United States on leave. After visiting their home in Little Rock, Arkansas they will proceed to New York where they will reside at 61 Gramercy Park. Bishop Roots has been stationed in Hankow.

The Shanghai Cosmopolitan Club, of which P. K. Chu is honorary secretary, held its seventh monthly meeting at 8 p.m., May 19 at the German Garden Club, 454 Ave. Haig. The German Consul-General and Mrs. Fischer were guests of honor and Dr. Krebs delivered an address on "Present-day German Teaching and Music."

Dr. H. H. Chen, well known Chinese physician in Shanghai died at the Country Hospital on Friday, May 13. He is survived by the widow and two sons, Carlo and Willie. Dr. Chen was 45 years old. He was graduated from Tung Chi University in 1914 and after practicing at Paulun Hospital, he went to Germany where he received a post graduate degree from the University of Munich.

W. W. Ritchie, who has been connected with the Chinese Postal Administration for 37 years, departed last week for England. He was accompanied by Mrs. Ritchie and they plan an extended visit in England and also Northern Ireland where Mr. Ritchie was born. Mr. Ritchie served in Tsinan, Chengtu, Harbin, Canton, Hankow and Nanking and recently was head of the business department of the central office and also served concurrently as chief inspecting commissioner.

M. Felix Bouvier, managing director of Union Mobilier, French investment bank of Shanghai, departed last week for Paris on extended leave. He will stop over for a brief period in French Indo-China on business. Mr. Bouvier is also president of the Candirome, local dog-racing institution and is a director in the Auditorium, where hai-alai is played; and also a director of Foncieret et Immobiliere de Chine. While absent from Shanghai M. Maurice Nicole will serve as manager of Union Mobiliere.

The University of London is giving degrees this spring to 22 Chinese students, including 11 doctors of philosophy. Among those receiving degrees are Miss Chao-yuen Tseng, great-granddaughter of the late Viceroy Tseng Kuo-fan. Among those receiving the Ph. D. degree are Wu Chi-yuen, second leading student in the London School of Economics; Yu Wang-teh, son of Yu Yu-jen, President of the Judicial Yuan and Chang Wen-tsai, regarded as the ablest student in agricultural science.

Two Chinese accountants employed by the Sun Company, Chinese department store on Nanking Road, were tried in the First District Court on May 12, charged with the embezzlement of $30,000 of the store's funds. Testimony showed the young men had spent most of the money on two cabaret dancing partners, or hostesses. Much of the jewelry was recovered when the police raided the luxuriously decorated and furnished apartment occupied by the two girls. The two accountants, whose names were not given, confessed to the theft of funds.

Four Japanese women residents of California, who represent the Japanese Women's Club of Southern California, spent several days in Shanghai last week investigating conditions. They were Mrs. Kohko Furusawa, Mrs. Kohko Murase, Miss Mitsuyo Kuriki and Miss Teruko Kiyomura. In addition to the Japanese Women's Club they also represented the American Japanese Young Women's Association, the American Japanese Girls Association and the Koyasan Buddhist Temple. Mrs. Furusawa, in an interview circulated by *Domei* said that Americans, generally, did not understand Japan's aims in China.

The students of Tung Wen College, local Japanese institution which recently seized the campus and buildings of the Chinese Chiaotung University, have announced their intention of devoting the summer season to "tours of investigation" of North and Central China and the South Seas. The students will operate in 30 separate parties, those going to North China will investigate mineral and agricultural resources while those in Central China will assist the Japanese army in surveying social conditions and "pacifying" the local people.

J. B. Gilbertson, engineer on the British freighter Heathcote, who was detained in Japan for more than a month on a spy charge, was finally fined Yen 30 (equivalent to U.S.$10) and released. The Japanese charged that he had taken pictures of Japanese cargo vessels at Dairen, Moji, Mutsure Islands, Shanghai and along the Yangtsze, which the Osaka district court said was a violation of the Fortifications Law. The Japanese explained his long detention on the ground that it was necessary to make a thorough examination of his pictures.

Teisuke Hayashi, formerly manager of Mitsui bank at Bombay has been transferred to Shanghai.

S. Hummel, foreign general manager of Warner Brothers, Hollywood, is now in Shanghai on a trip around the world.

Chikayugi Akagi, official Japanese nominee for special deputy commissioner of police in the International Settlement, arrived in Shanghai this week to assume his duties.

Dr. Wang Tzu-kan, president of Chungching Medical College, Chungking, Szechuen, has been authorized to organize a Red Cross unit for caring for wounded soldiers sent to Szechuen for treatment.

Rear Admiral Naokuni Nomura, recently appointed Japanese Naval Attache, has assumed his duties at the Japanese Embassy here. He previously served in Berlin and on the intelligence force of the Naval general staff in Tokyo.

A. M. Chapelain, foreign co-director of the Chinese Postal Department, returned to Shanghai this week from a trip to Hankow where he conferred with officials of the Government on questions pertaining to the operation of the Post Office.

Brig.-Gen. Aaron Simon Daggett, oldest officer in the U. S. Army, died on May 14 at the age of 101 years. He was with the U. S. forces in China at the time of the Boxer Rebellion and also had service in the Philippines in the Spanish-American War.

O. C. Wilkie, for several years connected with China National Aviation Corporation, departed for Hongkong last week following his recovery from a severe attack of typhoid fever. After a brief trip to the United States Mr. Wilkie plans to return to China.

Winthrop R. Scott, U. S. Consul-General at Kobe, Japan, has been appointed first secretary of the American Legation at Caracas, Venezuela. Mr. Scott will be succeeded at Kobe by Fletcher Warren, who is now consul at Riga, Latvia. The transfers will become effective in July.

Serious damage to cargo of cotton and paper resulted from a fire on the Dollar liner *President Polk*, according to a *United Press* message from San Francisco on May 13. The ship was said to have suffered little damage, although the cargo was largely destroyed. The damage was estimated at U.S.$350,000. The cargo was destined for Japan.

Frederick Patrick O'Hara, agent for the London Globe Insurance Company, stationed in Yokohama, Japan, was released on May 16 after detention by the police for twelve days on a charge of espionage. Mr. O'Hara was an amateur photographer, so the Japanese accused him of photographing forbidden zones. All of his private and business papers were seized.

Saburo Hayakawa, recently appointed by the Tokyo Government, as acting chief of the Hsin Min Hui or "New People's Society," of North China, has arrived in Peiping to assume his duties. He also will serve concurrently as an adviser to the Peiping puppet administration. Michio Yuzawa, another adviser to the Peiping Government has also assumed his duties.

Miss Iris Wilkinson, novelist and newspaper writer from New Zealand, who was in Hsuchow, besieged city of northern Kiangsu, has not been heard from for several days, according to a *Reuter* report from Hankow on May 18. All foreign newspapermen who were in Hsuchow departed from the city several days ago, excepting Miss Wilkinson who was last seen riding a donkey up a steep hill overlooking the battlefield.

N. F. Xavier, assistant general manager of the Texas Company (China) Ltd., died suddenly in Shanghai on the morning of Wednesday, May 18. He is survived by a widow and a son, who is now in Boston. Mr. Xavier's death was due to heart trouble of which he had suffered for some time. He had resided in the Far East for 18 years and had been active in the affairs of the American and international community.

Emile P. Gassie, foreign service clerk of the American Embassy at Peiping, who suffered severe leg and back injuries during the Japanese bombing of the U. S. S. Panay on Oct. 13 of last year, has returned to the United States. He plans to visit his home in New Orleans and after a time there will proceed to Washington. Mr. Gassie joined the Embassy in Peiping in 1927 and in October of last year was transferred to Nanking, arriving just in time to join the party which evacuated the city aboard the Panay.

Shanghai-Ningpo Shiping Service Stopped

In view of the growing tension on the Chekiang coast, the Chinese military authorities have closed the Chenhaikow near Ningpo to regular shipping services.

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In the United States Court for China

CAMILLA ABBOTT,
Plaintiff,
vs.
ANDREW ABBOTT,
Defendant.

Cause No. 4329
Civil No. 2208
ORDER
Filed at Shanghai, China, May 16, 1938.
William T. Collins, Clerk.

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by her attorneys, has this 16th day of May, 1938, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 16th day of May, 1938, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 16th day of May, 1938, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein for the past 3 years, and that defendant's last known address was c/o Mrs. C. Smith, 1233 East 12th Avenue, Emporia, Kansas, U.S.A.

NOW, THEREFORE, it is this 16th day of May, 1938, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 4th day of June, 1938, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:

Dated at Shanghai, China,
this 16 day of May, 1938.

MILTON J. HELMICK
Judge.

New Books of Interest in the Far East

Booklets and Pamphlets

The following is a partial list of booklets and pamphlets, bearing on the Sino-Japanese crisis or the situation in the Far East, which have been received by *The Review* in recent weeks:

North China in Transition—published by the information and publicity department, South Manchuria Railway, Dairen.
Contemporary Manchuria—bi-monthly publication of South Manchuria Railway Company, Dairen.
Conflict in the Far East (1937)—addresses, documents, press comment by Dr. C. Kuangson Young, Chinese Press Bureau, Geneva.
Legal Basis for Use of Armed Forces in China—reprinted from U. S. Naval Institute Proceedings, by Capt. Evans F. Carlson Annapolis, Md.
Statement on the Sino-Japanese War—by Sun Fo, published by P. E. N. Club, Shanghai.
Replies to Japanese Claims—reprinted from Star-Bulletin, by Kingchau Mui, Consul-General, Honolulu.
Goals of Japanese Imperialism, Conquest of the World—published by China Information Committee, Shanghai.
Destruction of Schools by Japanese Invaders—published by China Information Committee, Shanghai.
Outposts of Empire in the Southern Pacific—by Russell E. Hall, American Council, Institute of Pacific Relations, N. Y. City.
Alaska Salmon in World Politics—by Kathleen Barnes and Homer E. Gregory, American Council, Institute of Pacific Relations, N. Y. City.
Catholics and the War in China—by China Information Committee, Shanghai.
China's Struggle for Freedom—Chiang Kai-shek's Wartime Messages, China Information Committee, Hankow.
Organized Pillaging by Japanese—China Information Committee, Hongkong.
Origins of Sino-Japanese Hostilities—by T. A. Bisson, Foreign Policy Association, N. Y.
Japan's Dependence on Foreign Supplies of Raw Materials—by Trans-Pacific News Service, Rockefeller Center, N. Y.
League of Nations Reports on Sino-Japanese War—Trans-Pacific News Service, N. Y.
The Japanese Way—Photographic Record of Japan's Destruction of Civilian Life and Property—Trans-Pacific News Service, N.Y.
Documents Concerning Sino-Japanese Conflict—Trans-Pacific News, N. Y.
China Forum, Weekly Review—Hankow.
A Japanese Reply to China's Photographic Record, Japan-China Facts and Pictures—by Japan Pacific Association, Tokyo.
Peaceful Manchukuo—by Manchukuo Tourist Association, Hsinking.
Japan's Spirit in Full Bloom—South Manchuria Railway, Dairen.
British Commercial Policy at the Crossroads—American Council, Institute of Pacific Relations, N. Y.
World Christianity—digest, published 140 So. Dearborn St., Chicago.
Chinese Mercury—digest quarterly,—Chinese Mercury Company, Columbia, Mo., U. S. A.
Report of Board of Trustees for Remitted Indemnity Funds by British Government (1936)—published 78 Shansi Road, Nanking.
Carnegie Endowment—annual report by Nicholas Murray Butler Washington, D.C.
Significance to World of Conflict in Far East—by W. W. Willoughby, published by Chinese Cultural Society, 5 East 57 St., N. Y.
Steps Toward Economic Planning in Philippines, by Catherine Porter, American Council, Institute of Pacific Relations, N. Y.
Story of Japan in China—as told in cartoons, published by Trans-Pacific News, N. Y.
Cotton Mills, Japan's Economic Spearhead—by Rockwood Q. P. Chin, Inst. Pacific Relations, N. Y.
Hongkong—Empire Bulwark or Hostage to Fortune—by William W. Lockwood, Jr., American Council, Institute of Pacific Relations, N. Y.
Britain's Economic Stake in Southeast Asia, by Ernest O. Hauser, American Council, Institute of Pacific Relations, N. Y.
Future of Sea Power in the Pacific—by Walter Millis—World Affairs Pamphlets, World Peace Foundation, Boston.

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Overseas Chinese Rally to Aid of Fatherland—Federation of Chinese Cultural Societies, Shanghai.
Sino-Japanese War (1937)—an account of military operations, by Percy Chen, published by China Information Service, Hankow.
Central Bank of China Bulletin (1937)—department of Economic Research, Shanghai.
Kung Shang Book Reviews—Supplement (French) Hautes Etudes, Racecourse Road, Tientsin.
Trends of International Trade, by Winthrop W. Case, Foreign Policy Association, Inc., Y. N.
Strife in Czechoslovakia, by Karl Falk, Foreign Policy Association, Inc., N. Y.
Struggle Over Spain, by John C. deWilde, Foreign Policy Association, Inc., N. Y.
Political Handbook of the World—essential information regarding all countries—edited by Walter H. Mallory, published by Council on Foreign Relations, Y. N.
Balance of Payments (1936)—by A. Loveday, Financial Section and Economic Intelligence, League of Nations, Geneva.
The Hull Program and the American System—by Raymond Leslie Buell, World Affairs Pamphlets, National Peace Conference, N. Y.
Rockefeller Foundation—review for 1937, by Raymond B. Fosdick, N. Y.
Flivver King—by Upton Sinclair, Station A, Pasadena, Cal.
We or They—Two Worlds in Conflict, by Hamilton Fish Armstrong, Editor Foreign Affairs, N. Y.

Before I forget, by Burton Rascoe, Doubleday, Doran & Co., N.Y., 1937. 375 pp. and Appendices. U.S.$3.00.

It is fortunate that Mr. Rascoe did not forget. His autobiography takes him down to 1920 only, when at the age of 28 he was fired from the *Chicago Tribune* for breaking one of that paper's rules: he had casually referred to Mary Baker Eddy's "Science and Health" in a non-religious quip at the end of a book review. But at the age of 28 Rascoe had been with the Tribune for eight years as reporter, literary editor, dramatic critic, assistant Sunday editor, and rotogravure editor (the first in the U.S.)—most of these during the whole eight years.

The usual cultural reminiscence of Twentieth Century America fastens itself about New York City. Rascoe, in Chicago, was conducting a minority crusade for men scorned or unknown in the East; writers who were feeling America north of 23rd Street and west of the Hudson River. He was the early champion of Sandburg, Masters, Cabell, Menken, Sherwood Anderson, Lindsay, Willa Cather, and Dreiser; he did not hesitate to attack such native minnesingers as Harold Bell Wright, Robt. W. Chambers, Gene Stratton Porter, and Winston Churchill. That the latter have to be recalled by their full names is significant.

Rascoe's adolescence is the saga of America with something added. Not only was he the hard-working poor boy fired with ambition, but he was also the eager learner studying Latin and Greek under the inspiration of two ne'er-do-wells and a Catholic priest who met together at the three Pappas Brothers' City Cafe where, with coffee and doughnuts, the Muses quired again in the little town of Shawnee, Oklahoma Territory. From his diary he tells us that his favorite authors during high school were Plutarch, Aeschylus, Emerson, Plato, Aristophanes, Goethe, Marlowe, Shelley, Blake, Whitman, DeQuincy, and Gibbon. Not bad for a boy who was captain of his football and baseball teams, who delivered papers before school began, who worked in the library and wrote essays for club women to read before equally ignorant associates, who was reporter and occasional editorial writer for the town newspaper, and who had energy to fall in and out of love several times during his busy career. He left the University of Chicago after two years because, as he told the Dean at registration, "I didn't come to this university for a degree; I came for an education."

Thus, the section on his literary editorship of the *Tribune* gives a picture of American letters through the lives of critics, authors, and the public. As literary history he writes:

> "With MAIN STREET (Sinclair Lewis) and "This Side of Paradise" (F. Scott Fitzgerald) the literature of the Twenties was inaugurated, and these two books, so unlike, were to represent the two main characteristics of the Twenties—the protest against the smugness of the American mores and the provincialism of the American culture, on the one hand, and on the other the so-called postwar disillusionment on the part of the young, which was less a disillusionment than an attempt to catch a new illusion in drinking, dancing, promiscuous flirtation and love-making and excitement."

As a man of forty-five Rascoe writes that among other things his autobiography "is a history of an almost frantic avoidance of a philosophy" . . . but . . . "This does not prevent me from having convictions passionately held and fought for, the necessary prejudices of sentient but fallible mankind. Nor does it prevent me from pursuing the dream, perhaps grotesquely and fanatically."

We repeat, "It is fortunate that Mr. Rascoe did not forget." This is *not* the stuff that modern American literary criticism is made on.

T. H.

Shanghai, May 15, 1938.

Assigned to Adventure, by Irene Kuhn, published by J. P. Lippincott Company, New York, Philadelphia and London, U.S.$3.

Shanghailanders will be keen about "Assigned To Adventure" because in it Irene Corbally Kuhn, one of the best reporters ever to cover a story in the Far East, devotes considerable space in salty descriptions of her life and adventures in Shanghai while on the staff of *The China Press*.

Aside from local interest and personalities, however, readers generally should enjoy this intensely human story of a newspaper-

woman who "lived and loved and suffered and laughed around the world" and tells about it in a fast moving autobiography without pulling her punches.

"Assigned To Adventure" is now a best seller in the United States. Floyd Gibbons calls it "a great story by a great newspaper girl." Film story scouts have approached Mrs. Kuhn with at idea of translating her life's story into a movie.

The publisher's blurb boasts that "kings, dictators, generals, famous war correspondents, movie stars, charlatans, saints and sinners come and go, not as cardboard figures but as living, breathing human beings, through the pages of one of the liviest autobiographies of the times."

For once the blubs approach the truth. "Assigned To Adventure" is very interesting and entertaining reading. And no Shanghailander should miss the laughs and chuckles in her description of her honeymoon in Woosung. It's a wow!

IDA HO.

White Slave Traffic Cases

Testifying to the growing ruthlessness and audacity of white slave traffickers in Shanghai, two separate, ugly cases were brought before the First Special District Court last week. One of the victims was a frail, pallid child, aged 15. Involved in this latter case were four Chinese, who were charged with white slave trafficking and rape. Fifteen-year-old Loo Kwei-kyung fell into their clutches in the first days of April. Shortly after, for the purpose of gain, the men allowed the girl to be ravished by a "customer." A doctor's certificate to this effect was produced as evidence. In the second a Chinese, was charged with having forced Zang Soo-tsung, 20, into a life of prostitution in April.

Car Throws; Kills Russian Constable

A Russian constable of the French Police, Basile Oulibine, was fatally injured May 11 on the French Bund when he was thrown from a Japanese Army lorry and against an electric standard at the kerb. His collarbone was broken and he suffered various bruises, although it is believed he was spared internal injuries. He was picked up from the pavement and taken, in a Concession ambulance, to Ste. Marie Hospital. His rifle was smashed in the violent crash. The car from which he was hurled was slightly damaged. He died that night from his injuries.

Russian Denies Looting

I. G. Torgovitsky, 34-year old Russian merchant, who is facing a larceny charge for allegedly stealing $10,000 worth of machinery and chemical products from the American Tanning Company, told the First Special District Court last week that he has every right to remove the factory property because he is a part owner of the leather-processing concern. When questioned by the judge, Torgovitsky stated that he was unable to produce any document which would support his ownership claim. He told the Court that all the papers which would prove his partnership have been "destroyed" as a result of the war. The factory is located on Wangpang Road, Chapei.

Japanese Fire On Italian Ship

Three Chinese suffering from gun-shot wounds were taken off the Italian-owned river steamer Torino as soon as she tied up at the Bund on the night of May 14. The ship reported having been fired on "by Japanese" near Haimen, when the three were wounded. The were rushed to the Lester Chinese Hospital by a Fire Brigade ambulance. The *North-China Daily News* was informed that the s.s. Torino was passing along the shore line of Haimen Island, on her way to the city itself, when, despite the protection of the Italian flags flown at masthead and painted on either side of the ship, she was fired on by Japanese units on shore, and three Chinese were wounded.

Curfew Hours Announced

The Garden Bridge is closed to non-holders of special curfew passes between 1 and 5 o'clock in the morning, a spokesman for the Japanese Embassy announced this week. The curfew hours for the Hungjao district are between 7 o'clock in the evening and 6 o'clock the following morning. The announcement, he said, was made to remove all uncertainty on the matter. The spokesman also strongly advised foreigners crossing the bridge to obtain special passes for their Chinese chauffeurs. No passes, he indicated, are needed for private rickshaws transporting their masters.

Prince Asaka Becomes Head of Relief Body

Lieut.-Gen. Prince Yasuhiko Asaka, who commanded the troops which occupied Nanking on Dec. 12 last, was installed May 14 as President of the Dai-Nippon Military Relief Society.

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(中國評論週報)

桂中樞 C. S. Kwei, *Editor* | 朱少屏 P. K. Chu, *Business Manager*

191 Carter Road, Shanghai, China Telephone 31164

Japan's War Cost Estimated

That the war in China is costing Japan approximately Yen 1,000,000, or US$290,000, per day, is a statement made by *Time magazine*, American news weekly, in the April 18 issue just received here. This estimate is made as part of an editorial reply given by Time's editor to a letter, apparently written to the magazine by a Chinese in Hongkong, who has asked several pertinent questions. The Chinese, signed simply "D.S.K.C.," states in his letter that reports received in Hongkong and throughout China are very conflicting due, probably to censorship and reluctance of the Japanese authorities to give information. He first asks if foreign papers and magazines containing news and comments unfavorable to Japan are allowed to reach Japanese subscribers and to be sold on Japanese newsstands. To this Time replies that they are not, and that among those periodicals banned in Japan at one time or another since 1936, have been the New York Times, Current History, the American Mercury and Time, "At present Japanese postal authorities maintain a rigid censorship," the editor adds.

Next the Chinese asks if there has been any demonstration by Japanese civilians in Japan against the present war in China thus far. "No," says the editor. "Opposition to the war has been confined pretty exclusively to the small section of the commercial class which once subsisted largely on trade with China. The penalty for a word of criticism of the war is stiff: three years in jail."

Casualty Figures

"What is the most reliable figure of Japanese casualties and wounded in China since last July?" the writer asks. "Two months ago (middle of February) a good guess was 260,000 dead and wounded," is the answer. The Chinese then asks if it is true that the Japanese battleship Mutsu was sunk off Kiangyin by Chinese aircraft in the last week of November 1937, and if it true that the Mutsu's sister ship Nagata was built in the U.S.A. Chinese reports on the sinking of the Mutsu were unconfirmed elsewhere, says the editor, and he adds that the Nagata was built at the Kure naval yard.

"Excluding those stationed in Manchuria, how many Japanese soldiers have been sent to China since last July?" the writer asks. The estimates the number at about 500,000. "How many Japanese men-of-war have been destroyed or sunk since last July?" the Hongkongite wonders. "Are they all leading a charmed life like the Idzumo?"

"None that Time has heard of," says the laconic editor.

Tung Oil, Egg Trade Declines Here

Since the imposition of restrictions by the Chinese Government on the export of Tung oil, which is considered as an essential supply in time of war, there has been practically no transactions on tung oil in Shanghai. According to local business circles, there are only a little more than 1000 Shih of Tung oil now in store in Shanghai, which is adequate to meet the local needs for the time being. But if no further shipments are forthcoming, the city will be completely deprived of this useful oil. The center of oil trade is stated to have now been shifted to Hongkong, where communication with China's interior is still maintained.

The Chinese egg industry is now on the decline due to the effects of the Sino-Japanese hostilities. Local business circles reveal that a drop of 70 per cent has been registered in egg trade since the outbreak of the war. Most of the egg producing districts in Kiangsu, Chekiang and Anhwei, it is stated, have affected by the hostilities which have rendered very difficult if not impossible the transportation of eggs to other parts of the country. The price of eggs has therefore risen to an unprecedented level. Another reason which caused the decline of the egg trade is that most of the domestic fowls have been seized by the Japanese troops in their occupied areas as a source of their daily food supplies.

Chinese Accused of Poisoning Wells

Chinese forces at two points of the south-of-Lunghai front last week were accused by a Japanese military spokesman here of poisoning wells and water reservoirs. Poisoned water containers, he alleged, were found by Japanese troops after the occupation of the walled towns of Fowning, 100 klms. south of Haichow, and Mengcheng, northwest of Pengpu. Chemical analysis of the poisoned water indicated that mercury chloride and hydrocyanide acid was used, the officer asserted. The poisoning of wells and containers, he declared, "reveals the inhumane nature of methods of warfare used by the Chinese" and "indicates the precarious position of the Chinese forces."

Mexico Ends Relations with British

The Mexican Government on May 13 severed diplomatic relations with Great Britain because of disagreement between the two countries resulting from Mexican expropriation of British owned oil properties in Mexico several months ago.

Shanghai Suburbs Become Military Base

Since the withdrawal of Chinese troops from the Shanghai-Woosung area, the suburbs of this metropolis have become the center of military transportation. Between Kiangwan and Woosung, it is stated, are located Japanese air bases, military depots and workshops. The sector is daily buzzing with military activities. The Central Fish Market of the Ministry of Industry has now become a Japanese ammunition depot. In its vicinity army trucks are seen carrying heavy loads of ammunition and other military supplies practically every hour. Changhuaping now forms an important center of communication, where a big military workshop has been established for the faciliating repairs of airplanes and other war weapons.

Manchukuo Emigration Plan Told

The Overseas Affairs Ministry plans to send 1,500,000 young emigrants to Manchukuo within 20 years, Sonyu Ohtani, Minister of Overeas Affairs, told the conference of provincial governors last week. Thirty thousand young men between the ages of 15 and 18 fresh from primary schools will be sent as settlers within the present year, he said. An advance party of 5,000 youths already has arrived in Manchukuo, he revealed. They are receiving intensive training as pioneer farmers.

Japanese Molest Women Workers

A Chinese woman worker on a Japanese cotton mill in Hongkew, who managed to return to the International Settlement of Shanghai told her relatives a terrible tale about Chinese women workers in the factories. On the third night when she joined the Japanese cotton mill, the worker declared, a number of Japanese soldier came to the factory and took away with them three women workers. The women workers were raped by the Japanese soldiers. Fearing that she may meet the same fate, the worker hurriedly left the factory and managed to came home.

Saphiere Wins Bonus Decision

Judgment in favor of Theodore Saphiere, insurance agent, against the Crownchina Company, Inc., was delivered by Judge Milton J. Helmick in the United States Court for China May 13. "It is obvious that the amount due plaintiff cannot be fully calculated until sufficient time has elapsed to see whether second year premiums have been paid and how much lapsation has occurred," Judge Helmick remarked. "Consequently judgment can be given plaintiff only for an amount irrevocably earned at the date of the trial. From the evidence in the case the Court establishes this amount at $(U.S.) 299.80; £10; $(H.K.) 332.85 and $(Sh.) 25.00 and judgment will be entered accordingly." Saphiere's suit against the Crownchina Company was for various amounts involving commissions and bonus which he claims he earned as a sub-agent in 1936 and 1937, under a contract of employment with the defendant. The contract was made March 7, 1935, and terminated by the defendant on May 4, 1937. The Crownchina Company, however, denied liability to pay bonus on the grounds that the plaintiff was not in its employ on December 31, 1937, when the bonus was payable according to the contract.

Teething Time Trials

How Baby's Own Tablets Help.

Teething time is often a period of trial, with disturbed nights for baby and parents alike. Baby is feverish, irritable and restless, crying with pain until parents are almost distracted to know what to do for the best.

In innumerable instances Baby's Own Tablets have proved invaluable at this distressing time. Here is what one mother, Mrs. W. Kemp, 29 Glenwood Avenue, London, Ontario, Canada, writes: "Baby started teething early and two eye teeth came together, making her very feverish and fretful. We gave her Baby's Own Tablets and they brought her through marvellously. Now we have a bonnie baby who has six teeth and is in the pink of condtion."

Baby's Own Tablets act through the digestive organs and by settling the stomach and soothing the sore gums induce sound, restful sleep. A single dose is often sufficient to bring peace and comfort to the teething child. For other health disorders of childhood the tablets are equally beneficial. Infantile indigestion, colic, constipation, vomiting, diarrhoea, croup, colds, worms, are best treated with this remedy which was originated by a British medical child-specialist. Obtainable at all chemists.

WILL YOU HELP?

From the time of its inauguration last October to May 14 this year, the Shanghai International Red Cross has, among other things, allocated and spent $1,253,906.04 for the caring of refugees; $190,866.43 for medical supplies; $173,585.21 for work among wounded soldiers and $22,500 for relief work in Nanking. Though these are large sums, they have merely m
tion made penniless by the war. et the needs of a portion of the huge popula-

The funds of the Shanghai International Red Cross are about exhausted. Unless further donations are secured from friends here and abroad, the S.I.R.C. will soon find it impossible to continue its work.

Unless you help, the refugees will very soon face starvation. Please sign your name below and send your donation today.

.....

To The Shanghai International Red Cross
505 Honan Road
Shanghai

Desiring to have a share in assisting the multitudes of war refugees in Shanghai, I hereby enclose a check, or postal money order, for dollars..... as my donation to the Shanghai International Red Cross.

Signed .....

Address .....

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Hundreds of subscribers, who were forced to leave their homes because of the war situation, have been unable to return and in many instances, have been compelled to establish temporary or permanent residences elsewhere.

As a result they have been unable to receive copies of **The Review** mailed to their normal addresses.

In all cases these back copies have been retained in the office pending receipt of instructions as to new addresses.

Subscribers would thus confer a favor if they would notify this office of their present addresses, with instructions as to methods of routing the paper so as to assure delivery, particularly in Central, West and Northwest China. Mail deliveries between Shanghai and such points as Hankow now require a minimum of 8 to 10 days.

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The foregoing articles written by Mr. Liang have appeared in The Review since the beginning of the crisis.

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Well, more than 200 subscribers and others responded, many persons ordering several copies to mail to connections abroad. We proceeded with the job and the first volume, covering the developments on the Peiping and Shanghai fronts, from the beginning to Jan. 2 when the German Ambassador handed to Gen. Chiang Kai-shek the original Japanese peace terms, will be ready for distribution shortly. The volume will have about 140 pages and will include several maps showing the various fronts. The title is,

"JAPAN'S WAR IN CHINA" DAY-TO-DAY RECORD

It will answer most questions about military and political developments, when and where they occurred, names of chief leaders. It will show how efforts were made to localize the struggle and prevent it from spreading and how the efforts nearly succeeded and will point to the responsibility for the failure.

It contains references to extent and value of property destroyed, references and suggestions as to American and other foreign policies as they developed to meet the various situations. In short it will answer most of the questions pertaining to details of the struggle and will be an invaluable reference work for those who were here and observed various phases of the crisis—and for those who were not here, but are interested.

The cost of the first volume will be $2, including postage. Those purchasing the first volume will receive a special discount on succeeding issues. Please fill out the attached form and mail at once:

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Enclosed please find $2.00 for each copy.

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Address .....

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